

Town of Camp Verde

Financial Operations Guide



Amended & Approved
November 5th, 2025

PREPARED BY TOWN OF CAMP VERDE'S FINANCE DEPARTMENT

TABLE OF CONTENTS

Section	Page
INTRODUCTION.....	i
ACCOUNTING, AUDIT & GENERAL FINANCIAL	2
CAPITAL ASSETS	4
CASH	7
Bank Accounts.....	8
Petty Cash	9
Cash Receipts	11
Credit Card Payments Received.....	13
Accounts Receivable	14
Allowance for Doubtful Accounts	15
Special Event Cash Handling	16
Dishonored Checks	17
Grants.....	18
Donations	21
PURCHASING	22
Procurement.....	23
Receiving.....	27
Contract Services	28
DISBURSEMENTS	29
Cash Disbursements	30
Credit Card/Business Charge Card Use	32
Travel & Training	35
Unclaimed Property	40
GENERAL LEDGER	41
Journal Entries.....	42
Town Funds.....	43
PAYROLL.....	45
BUDGET	48
DEBT	53
INVESTMENTS.....	56
MISCELLANEOUS.....	61
Fraud	62
Cell Phones	68
Uniform Allowance Policy	69

INTRODUCTION

PURPOSE: The purpose of this manual is to set forth those policies and procedures established to govern and to implement all aspects of fiscal policy and financial management related to the Town of Camp Verde. The general purpose of this document is to provide a working guide to established financial policies and procedures.

I. RESPONSIBILITIES

Camp Verde's Town Code charges the Town Finance Director with implementing the financial policies of the Town Council. In the event that the Finance Director's position is vacant, the duties of the Finance Director will be performed by a designee appointed by the Town Manager. In the absence of the Town Manager, the Acting Manager shall appoint the designee with Council approval, if the assignment is to exceed 20 days.

The Finance Director is responsible for the assignment of duties to appropriate Staff members, as necessary, to ensure proper segregation of duties.

All matters discussed in this operations guide shall be carried out within applicable laws and regulations, and with generally recognized principles of good financial management and accounting. Town employees who do not follow the policies and procedures set forth in this manual may be subject to discipline, up to and including termination of employment.

II. COMMENTS/CLARIFICATION OF POLICY

All comments and requests for clarification of this guide shall be addressed to the Town's Finance Director.

**ACCOUNTING, AUDIT & GENERAL
FINANCIAL POLICIES
SECTION**

ACCOUNTING, AUDIT & GENERAL FINANCIAL

PURPOSE: To establish standard policies and procedures relating to the general overview and accountability of the Finance Department

POLICIES/PROCEDURES:

A. ACCOUNTING

1. The Town's accounting and financial reporting systems will be maintained in conformance with Generally Accepted Accounting Principles, which set the rules for financial reporting in the United States, and standards of the Government Accounting Standards Board.
2. A fixed asset system will be maintained to identify all Town assets, their condition, historical cost, and useful life.

B. AUDIT

1. An annual audit will be performed by an independent public accounting firm with the subsequent issue of an official Annual Comprehensive Financial Report, including an audit opinion.

C. FINANCIAL

1. STABILITY

- a. To maintain a financially viable Town that can preserve an adequate level of municipal services.
- b. To maintain financial flexibility in order to be able to continually adapt to local and regional economic changes.
- c. To maintain and enhance the sound fiscal condition of the Town.
- d. To maintain a positive municipal credit rating.

2. REPORTING

- a. Per Town Code Section 3-2-3B, the Finance Director shall make monthly reports to the Council of all receipts and disbursements, and the balance in each fund.
- b. Quarterly financial, Capital Improvement Program and Investment reports will be submitted to the Town Council as soon as practicable following the close of the quarter and will be made available to the public.
- c. Full and continuing disclosure will be provided in the general financial statements and bond representations.

3. RESERVES

- a. Reserve balances shall not be utilized without Council approval.
- b. The Town will maintain General Fund reserves of unrestricted monies in the amount of \$2,000,000.
- c. The Town will maintain HURF Fund reserves in an amount equal to 25% of current annual budgeted HURF operational expenditures. .

CAPITAL ASSET POLICIES

SECTION

CAPITAL ASSETS

PURPOSE: To establish standard policies and procedures for the accurate tracking of capital assets.

POLICIES: Capital assets are described as any item (property, vehicle, equipment, etc.) that has a purchase price or valuation (for donated items) of \$5,000 or more. Stewardship assets are described as any item (property, vehicle, equipment, etc.) that has a purchase price or valuation (for donated items) of \$1,000 to \$4,999. Right-of-Use assets are described as leased assets, including subscription-based technology, that has a purchase price or calculated valuation of \$20,000 or more.

I. ACQUISITION

- A. Departments shall notify the Finance Department in writing when any item is acquired, disposed of, or transferred to another department when the item was purchased or valued at \$1,000 or more.
- B. For items valued at \$1,000 or more or lease/software agreements with total contractual payments of more than \$20,000, the department shall complete and submit an Asset Acquisition Form to the Finance Department for inclusion on either the Capital Asset Listing or the Stewardship Asset Listing.
- C. Capital assets are depreciated on a straight-line basis.
- D. In consultation with department heads, the Finance Director assigns useful lives to individual assets based on asset category.
- E. When equipment items are acquired, departments shall request property tags from the Finance Department to be affixed to the assets, if feasible. Property tags should not be affixed to any item if this would seriously impair the item's value or usefulness. Engraving or other means of identification of such items is recommended to facilitate their possible return if they are lost or stolen.

Departments indicate the property tag number assigned on the vendor invoice before forwarding to the Finance Department. Staff provides copies of such invoices to the Finance Department for updating the Capital Asset/Stewardship Listings.

- F. If an asset has been donated to the Town, the receiving department shall complete the "Asset Acquisition Form" and submit to the Finance Department at the time of receipt of assets. The Finance Department will issue a property tag as applicable, and staff will update the Capital Asset/Stewardship Listings.
- G. For capital projects (assets acquired through construction or assets acquired through similar multiple payments), a separate account code shall be created to track the costs to be capitalized. For existing assets, projects should be identified as to whether they are improvement projects or repair/maintenance projects. Improvement projects significantly extend the useful life of an asset or increase the value of an asset. Repair/maintenance projects generally maintain the condition of an asset so that the expected useful life is attained.

II. MAINTENANCE

- A. Each year Finance staff must provide an updated Capital Asset Listing and Stewardship Listing to the HR Director for insurance purposes.

- B. Once a year, the Finance Department distributes current equipment listings for verification and physical inventory by department heads or designees, along with instructions regarding how physical inventories are to be performed. If there are any discrepancies, the proper corrections to the listing are indicated noting the date of the change and any other needed information (price, useful life, etc.). In addition, during the physical inventory process, the department heads or designees examine assets for possible impairments and designate surplus assets available for auction/disposal. The listings are returned to the Finance Department. The Finance Director researches and resolves any discrepancies between the physical inventory and the Capital Asset Listing. Each year, the Finance Department will physically sample a random selection of the Capital Asset Listing for verification that the items are still in the possession of the Town and are in working condition. During this review, staff will also search for items not listed on the Capital Asset Listing.
- C. Staff reviews and reconciles the Capital Asset Listing to the general ledger on an annual basis. The Finance Director reviews the reconciliation, initialing and dating as evidence of review.

III. DISPOSAL

- A. Departments shall complete a Request for Authorization to Dispose of/Transfer Equipment form and submit it to the Finance Department prior to the disposal or transfer of assets. The Finance Director reviews and approves all Requests for Authorization to Dispose of/Transfer Equipment forms.
- B. Departments shall report lost, stolen, or destroyed assets within ten working days of discovery to the HR Director and the Finance Department.
- C. The Town utilizes the Public Service website to dispose of surplus supplies and/or assets in compliance with A.R.S. Section 9-402. This website adheres to the specific procurement requirements that public agencies must follow in disposing surplus supplies and/or assets. The website address is <http://www.publicsurplus.com/sms/campverde.az>.
- D. For smaller dollar items under the stewardship and capital asset thresholds, disposals shall avoid any conflict with Article 9 section 7 of the Arizona Constitution, which prohibits “gifts of public funds” which includes government property. Therefore, surplus supplies and/or assets cannot be donated to non-governmental organizations. The law does allow for donation to other governmental entities. Town property may not be given or sold directly to Town employees. Items that are deemed inappropriate to sell, shall be disposed of in Town waste bins.
- E. The following steps shall be adhered to regarding the disposal of surplus supplies and/or assets:
 - 1. The disposition of surplus supplies and/or assets shall be authorized by the department head of that department.
 - 2. Send an email to “All Employees” describing the item (include a photo if available) available. Allow at least four (4) working days to allow requests for the item to be transferred to another Town department.
 - 3. If no requests to transfer the item to another Town department are received, prepare the item for submission to the Public Service website as follows:
 - a. Take a digital photo of the item.
 - b. Complete the Vehicle Property or General Property description form.
 - c. Email the description form, digital photo, and any suggestions for a start price or reserve (minimum amount for the item) if applicable to auctions@campverde.az.gov. Indicate whether the item has instruction manuals and/or accessories, as well as the working condition and general condition of the item. Provide as much information as possible.
 - d. Indicate in the email who should be contacted to pick-up the item when sold and when it will be available for pick-up.

4. At the end of the auction timeframe, if the item sells, a Closing Notification report is generated from the Public Surplus website detailing the item sold as well as the sales price and the purchaser. A copy of this report is to be given to the Finance Department. This report is used to update the assets listed on the Stewardship and Capital Asset listings.
5. When the purchaser pays for the item, an "Auction Receipt" report is generated. A copy of this report is to be given to the Finance Department. Payment from the purchaser is received by Public Surplus and transmitted to the Town.

CASH POLICIES

SECTION

BANK ACCOUNTS AND RECONCILIATION

PURPOSE: To ensure that all activity within the general ledger is complete and properly reconciled to the bank.

I. POLICIES

- A. The General Account serves as the general operating bank account of the Town and represents the pooled cash of all funds, except those amounts retained in separate bank accounts for legal or operational purposes.
- B. Each fund's share of the pooled cash is recorded on the general ledger as Equity in Pooled Cash.
- C. In accordance with Arizona Revised Statutes 35-1207, each bank account that the Town maintains over the FDIC insured amount shall be collateralized by the bank for the amount over the FDIC insured amount.
- D. All bank accounts and related activity shall be properly recorded in the general ledger.
- E. Prior to opening or closing any Town bank accounts, Council authorization shall be obtained.
- F. Only the Mayor, Vice Mayor, Finance Director, and Town Clerk are authorized check signers on the Town's accounts as established in Resolution 2008-744 and the individuals in all four positions shall be listed as signers on each Town checking account. Signature cards shall be updated when necessary to reflect any changes in those positions.
- G. Authorization is given by Council to the Finance Director to initiate and approve direct transfers of funds between Town bank accounts to provide for the payment of accounts payable, payroll transactions, debt payments and investments. Authorization is further given to the Finance Director to make transfers to outside agencies for the purposes of normal payroll functions and payments on Town approved debt.
- H. Each bank account shall be reconciled monthly and on a timely basis to resolve any discrepancy. Reconciliations shall be signed and dated by the preparer and forwarded to the designated person for review. Once reviewed and signed, the reconciliations are returned to the Finance Department.
- I. Once all bank accounts have been reconciled for the month, the Finance Director reviews and reconciles the Equity in Pooled Cash balances to ensure the amounts agree to the offsetting entries in the General Fund.

PETTY CASH ACCOUNTS

PURPOSE: To account for minor disbursements when immediate payment is required.

I. POLICIES

- A. Petty cash shall be properly safeguarded at all times.
- B. At a minimum, the Petty Cash Custodians shall request replenishment when the petty cash balances are more than 50% below the established beginning balance or an immediate need for replenishment is anticipated.
- C. All petty cash receipts shall be submitted for reimbursement no later than the fiscal year-end in which the purchase is made, to ensure all amounts are recorded correctly.
- D. Petty cash funds may not be used for personal services/items.

II. PROCEDURES

A. DISBURSEMENTS

- 1. The requesting employee shall obtain the department head approval before purchases are made.
- 2. The requesting employee completes the Petty Cash Withdrawal Request form and initials the actual receipt.
- 3. The Petty Cash Custodian receives all Petty Cash Withdrawal Request forms and vendor receipts and ensures receipts are initialed, the form is complete and properly approved before any disbursement is made from the Petty Cash Account.
- 4. The Petty Cash Custodian maintains a Petty Cash Disbursement/Replenishment Log for all disbursements and replenishments.
- 5. The Petty Cash Custodian checks the amount requested for mathematical accuracy and notes any discrepancy.
- 6. Upon disbursement of cash to the employee, the employee signs the Petty Cash Withdrawal Request form for acknowledgement of receipt of cash.
- 7. If there is change from the purchase, the employee signs the form acknowledging his/her return of any monies and the Petty Cash Custodian verifies the amount of the vendor receipt against the amount of the original disbursement.

B. RECONCILIATION

- 1. On a quarterly basis or as needed, using the Petty Cash Disbursement/Replenishment Log, the Petty Cash Custodian reconciles the disbursement and change returned amounts listed on the various Petty Cash Withdrawal Request forms.
- 2. The Petty Cash Custodian also reconciles the Petty Cash Fund comparing the established beginning balance to amounts disbursed and remaining cash.
- 3. The Petty Cash Custodian researches and resolves any discrepancies.
- 4. The department head reviews the reconciliation.
- 5. The Petty Cash Custodian prepares a check request to replenish petty cash funds, when necessary. All receipts and Petty Cash Withdrawal Request forms shall be attached to the check request.

6. The Petty Cash Custodian receives a petty cash fund reimbursement check made payable to the applicable petty cash custodian for the purposes of replenishing the petty cash fund.

CASH RECEIPTS

PURPOSE: To describe the policies and procedures for obtaining and receipting all revenues received by the Town of Camp Verde.

POLICIES/PROCEDURES

- A. All cash received must have a receipt generated either in a manual receipt book or the computer accounting system depending on the department setup. Any payments taken in person should be receipted with one copy going to the payer. All checks are stamped "For Deposit Only, Town of Camp Verde" immediately upon receipt. All receipts are immediately placed into a secure location (e.g. locked drawer or safe).
 - a. Each individual authorized, by their respective department, to accept cash payments shall maintain their own separate receipt book and enter those receipts into their own computer deposit batch.
 - b. One copy of each receipt shall be given to the customer. A second copy of each receipt shall be turned into the Finance Department with the applicable batch. Receipts not in consecutive order must be explained and documented.
- B. For departments that accept credit cards, a batch report for all credit cards processed for the day shall be generated at the end of each day and reconciled to applicable receipts.
- C. Receipts are entered into a weekly batch in the computer accounting system by the receiving department. The batches are posted and closed at the end of each week. If cash on hand accumulates to over \$2,000.00, the batch should be closed that day and taken to the Finance Department.
- D. Each batch report is initialed by the department director and taken to the Finance Department by Thursday of each week. The money is counted by the Accountant in front of the department representative. Any discrepancies are noted at that time and are dealt with appropriately. After verifying the cash balances with the report, the Accountant initials the correct cash balance and places the report in a holding file for the actual deposit and places the money in the Finance Department in a secure locked location. All cash reconciliation reports, receipts, and/or cash register tapes, should be attached to each batch report submitted to the Finance Department.
- E. The Finance Department prepares bank deposits from all received batches weekly or once actual cash on hand is greater than \$10,000. A summary deposit report of all batches is created by the Finance Director through the accounting system and balanced to actual cash on hand as counted by the Accountant. The deposit is then taken to the bank. The deposit receipt and deposit slip are attached to the combined batch reports and summary report and filed.
- F. Funds deposited directly to Town bank accounts are entered into the computer accounting system during the bank reconciliation process.
- G. The Town Pool facility maintains a cash register for the receipt of funds. The cash register is opened with a \$100.00 change fund. Daily receipts are closed out each day by the Head Life Guard and the Cashier. The daily receipts along with the daily reconciliation report are put into a sealed bag and placed into a locked drop box. Pool revenues are picked up weekly by authorized Parks & Rec personnel and entered into the weekly batch for the Parks and Recreation Department.

- H. All bank accounts are reconciled monthly by staff (initialing and dating upon completion), reviewed by a separate employee, (the Finance Director, the Town Manager or Clerk, initialing and dating as evidence of review), and filed. (See the Bank Reconciliations Section for further details.)
- I. Customer Complaints. Customer complaints regarding payments to the Town should not be handled by the same person who receives the monies in dispute. If the person receipting monies receives a customer complaint regarding such monies, the customer should be directed first to a supervisor. If the complaint is not resolved, it shall be forwarded as follows until resolution is achieved:
- Finance Director
 - Town Manager
 - Town Council

Note: For non-finance related complaints, please reference the Complaint Policy.

CREDIT CARD PAYMENTS RECEIVED

PURPOSE: To communicate the policies and procedures for accepting credit card payments.

I. POLICIES

- A. Any and all departments must have authorization from the Finance Department to accept credit cards for payment.
- B. General Town departments may not accept credit card payments in excess of \$10,000.00. The Water and Wastewater Funds may not accept credit card payments in excess of \$2,000.
- C. Credit card numbers shall never be stored or retained by the Town.

II. PROCEDURES

- A. Receipts from on-site payments shall be signed by the presenter at time of payment.
- B. Receipts shall be entered into their own batches, separate from cash and checks.
 - a. Receipt batches shall not cross months (e.g. January receipts shall not be included in a batch with February receipts).
 - b. The only exception to above are receipts from the last 2 days of any given month are to be entered in a batch for the next month (e.g., receipts from January 30th and 31st shall be entered with February receipts).
- C. Credit card batches should be turned in to the Finance Department weekly, but at a minimum monthly by the 5th of the following month.
- D. Batches are processed monthly in the Finance Department along with the Main Checking account bank reconciliation.
- E. Credit card payments over the internet shall be imported each month by the Finance Department and entered into their own batch.
- F. Discrepancies shall be referred to the initializing department for clarification or to correct errors.
- G. Credit card information taken over the phone shall be shredded immediately upon completion of the transaction.

ACCOUNTS RECEIVABLE

PURPOSE: To establish procedures for proper management of accounts receivable.

POLICIES/PROCEDURES

A. COURT RECEIVABLES

1. The Municipal Court maintains records of outstanding receivables.
2. On a monthly basis, the Court Administrator identifies delinquent accounts and forwards the accounts to the collection agency.
3. Each month, the Court Administrator forwards the Monthly Transmittal Report, Bond Report and Bank Reconciliation to the Finance Department.

B. MISCELLANEOUS RECEIVABLES

1. Following each fiscal year end, the Finance Director reviews July and August cash receipts to identify any unrecorded receivables.
2. Any amounts collected by the Town prior to June 30 and remitted to the bank after June 30 are recorded as cash on hand.
3. Any amounts collected after June 30 for services provided prior to June 30 are recorded as accounts receivable.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

PURPOSE: To establish procedures regarding the amount of receivables that is annually estimated as “uncollectable” by the Finance Director. The establishment of an allowance account ensures that the Town’s receivables are not overstated for financial reporting purposes.

I. POLICIES/PROCEDURES

- A. The Finance Director shall establish an allowance for doubtful accounts.
- B. The estimated allowance should be based upon historical data or other pertinent information relative to the receivables in question.
- C. Generally Accepted Accounting Principles allows for the allowance to be based on a percentage of “net charges” on an annual basis or based on a percentage of aged receivables.
- D. The estimated Allowance for Doubtful Accounts shall be updated on an annual basis.

SPECIAL EVENT CASH HANDLING

PURPOSE: To describe the policies and procedures for collecting and reporting amounts received during special event functions.

POLICIES/PROCEDURES

- A. The responsible department shall turn in a check request for the required bank amount 10 business days before the event. The amount of the starting bank is entered on the Special Event Start Bank Form and initialed by the Finance Department.
- B. A cash box or register shall be used for all special events. Once the starting bank check is cashed, all money should be placed in the cash box or register, which must be stored in a locked and secure location.
- C. Cash registers and central ticket areas shall be used for food, drink, and admission.
- D. Any overflow cash removed during the event must be documented and initialed on the Special Event Start Bank Form. The amount should be verified and initialed by the person transporting the money. Removed cash shall immediately be moved to a locked and secure location. For transfers of \$2,000 or more, a Camp Verde Town employee shall accompany the transporter.
- E. When making change, the exact amount must be returned to the cash box that was taken from the cash box (e.g. four (4) fives for a twenty).
- F. At the end of the event, two (2) Town employees shall transport the money to a secure location (e.g. safe or locked drawer) with each verifying the count of cash.
- G. The first work day following the special event, a minimum of two (2) Town employees shall count and receipt in the funds, and in another department, two (2) Town employees shall count tickets. Amounts are to be recorded on the Special Event Cash Count Sheet. Funds and ticket counts shall then be turned over to the Finance Department for verification.

DISHONORED CHECKS

PURPOSE: To describe the policies and procedures for recording and collecting amounts due from dishonored checks.

POLICIES/PROCEDURES

- A. Upon receipt of notice from the bank that a check has been dishonored, the Finance Department issues a letter to the Payer (the party that issued the check) demanding payment for the amount of the check plus a returned check fee as established by Council resolution. This notice allows the Payer five (5) days from the receipt of the letter to remit the total amount due to the Finance Department or face collection from the Yavapai County Attorney Bad Check Program. A copy of the letter, a copy of the notice from the bank, and the original dishonored check are placed in a file for follow up.
- B. The Finance Department notifies the original receiving department of the dishonored check.
- C. The original notice from the bank is attached to the corresponding bank reconciliation as backup.
- D. An entry through the bank reconciliation process is made to record the reduction from the Town's bank account as well as record the amount of the check as an accounts receivable in the proper fund (General Fund, HURF Fund, etc.). Upon payment of the total amount due, the amount of the check is coded to accounts receivable, the returned check fee is coded to Miscellaneous Revenues, and the total is coded to the Town's bank account.
- E. If the Payer has not made payment in full, or payment arrangements, within the allowed timeframe, the check is forwarded to the Yavapai County Attorney Bad Check Program for collection. A copy of the Yavapai County Attorney's form as well as all of the backup is retained in the file for future reference.
- F. Upon payment from the Yavapai County Attorney Bad Check Program, the backup from the file is attached to the receipt for reference.
- G. All payments on dishonored checks shall be forwarded to the Finance Department for entry. Only the Finance Director is authorized to setup payment arrangements for amounts due to the Town.

GRANTS

PURPOSE: To ensure grants are properly approved and accounted for.

I. POLICIES

- A. All grant applications shall be approved by the Town Manager prior to the application being submitted. The approval shall be made through email. The approved grant application shall be forwarded to the Finance Director in digital format along with a copy of the Town Managers approval either in writing or from email.
- B. Grants larger than \$50,000 or that require any amount of Town matching funds require approval from the Town Council prior to application. Approval by Council of a grant application can be done through ratification with Town Manager approval if the deadline for the grant is set before the next Council meeting and if the grant does not require any match funding.
- C. The department administering the grant must complete a Grant Summary Report that is submitted to the Finance Department at the time of grant submittal.
- D. The department administering the grant shall be responsible for the submission of any required financial reports at the frequency determined by the granting agencies and is also responsible for verifying that all expenditures are reviewed for reasonableness and for compliance with the grant requirements as well as all requirements laid out in Section C below.
- E. All Federal grants shall be received into the Federal Grants Fund. All other State, County, Non-profit grants of a formal nature shall be received into the Non-Federal Grants Fund. Finally, all non-formal grants or general donations that carry some type of restriction shall be received into the Restricted use Fund.

II. PROCEDURES

A. REIMBURSEMENT GRANTS

- 1. Monthly, quarterly or as required by the granting agency, the department representative shall obtain a listing of all applicable grant expenditures from the accounting system. Employee wages allocated to the grant must be documented and listed on a per day basis for allocated hours with relevant and allowable wage and ERE costs totaled.
- 2. After the reimbursement claim is prepared, it is forwarded to the Finance Department for approval before it is submitted. Any discrepancy between the expenditures incurred and the reimbursement claim prepared shall be documented and returned to the department representative for adjustment. Once approved by the Finance Director, the claim is submitted to the granting agency for reimbursement.
- 3. Finance staff prepares journal entries to record related receivables, transfer of monies for any matching requirements, or adjustment of expenditures as needed.
- 4. Upon receipt of grant monies, staff ensures that the reimbursement received reflects the amount requested. If not, staff researches and resolves the discrepancy.
- 5. Finance staff periodically reviews pending reimbursement claims to determine if any outstanding claims have not been received in a timely manner.

B. ADVANCE-TYPE GRANTS

1. Monthly or quarterly as required by the granting agency, the department representative shall obtain a total listing of all applicable grant expenditures along with the grant amounts advanced from the granting agency from the Finance Department.
2. All expenditures are reviewed for reasonableness and for compliance with the grant requirements by the department administering the grant.
3. Once expenses are verified, any required financial status reports shall be prepared and submitted to the granting agency. Copies of the reports are forwarded to the Finance Department. Any discrepancy between the expenditures incurred and the financial status reports prepared shall be documented by the department representative and submitted to the Finance Department with the copy of the reports.
4. The Finance Director prepares journal entries to transfer monies for any matching requirements, or adjustment of expenditures as needed.

C. OMB UNIVERSAL GUIDANCE

1. Financial Management
 - a. The applying department shall identify, document and forward to the Finance Department the following information for all federal grants: 1) CFDA title & number, 2) Federal award ID number and year, 3) Name of the federal agency and 4) Name of the pass-through entity, if any.
 - b. The Finance Department shall make sure accounting records adequately identify the source and application of funds and be able to show budget to actual comparisons.
 - c. The applying department shall make sure that assets acquired through a federal grant are adequately safeguarded and utilized only for authorized purposes.
 - d. The Finance Department shall make every reasonable effort to minimize the duration of time between the receipt and disbursement of grant funds.
2. Cost Principles
Expenditures under federal awards must:
 - a. Be necessary and reasonable for the performance of the federal award and be allocated to that use.
 - b. Conform to any limitations or exclusions regarding type or cost.
 - c. Be consistent with the policies and procedures the organization would apply to non-federally financed work.
 - d. Be treated consistently with other comparable costs. For example, a cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
 - e. Be determined in accordance with generally accepted accounting principles (GAAP), except as otherwise provided in 2 CFR 200.
 - f. Not be used to meet cost-sharing requirements or matching requirements of any other federally financed program.
 - g. Be adequately documented.
3. Conflict of Interest
 - a. No employee, officer, or agent may participate in the selection, award or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Conflict of interest extends beyond the person involved to include their spouse, family or other employers as well.
 - b. Individuals involved in the procurement process may not solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-contractors unless the gift is of nominal value, unsolicited and inconsequential to the current federally funded project nor any in the foreseeable future.

- c. Disciplinary action for knowingly engaging in items a or b above regarding conflicts of interest or accepting gifts or gratuities may include termination of the employee, cancellation of any related procurement agreements and civil and criminal prosecution.
- 4. Procurement
 - a. Records detailing the entire procurement process, including relevant decisions along the way, for every federally funded procurement process shall be maintained for 3-years or longer if stipulated by the federal award agency.
 - b. The Town's procurement policy shall be followed for all federally funded projects unless the federal agency's guidelines dictate a stricter requirement, in which case, the stricter policies shall be followed (see the Procurement section within this document).

DONATIONS

PURPOSE: To ensure that donations received by the Town are properly reviewed, accepted, accounted for and reported.

POLICIES/PROCEDURES:

I. GENERAL DONATIONS

Donations without direct guidance from the donor will be received into the General Fund as unrestricted monies.

II. RESTRICTED DONATIONS

- A. Donations that are restricted in form by the donor as to use or timing of use or any further conditions open the use of such monies must be approved by the Finance Director. Restricted Donations may be returned if it is determined by the Finance Director to be in the Town's best interest to do so. Donations of a de minimis amount or value (less than \$100.00) and for established designated functions do not require the Finance Director's approval.
- B. Employees of the Town may not impose their own restrictions on received donations. Only direct communication from the donor may restrict the use of a donation.
- C. The Finance Director shall be notified as soon as any restricted donations are received, pledged or expected.
- D. Restricted donations are not officially received and accepted until they are deposited by the Town.
- E. Restricted donations must be received with the following information in writing:
 - 1. Donor's Name
 - 2. Donor contact information
 - 3. Conditions of useWithout the above information, restricted donations shall not be deposited until the information is received.
- F. Restricted donations shall be identified and tracked in the general ledger and reconciled on a quarterly basis.

PURCHASING POLICIES

SECTION

PROCUREMENT

PURPOSE: To establish standard policies and procedures for the procurement of goods and services for the Town of Camp Verde to ensure that all goods and services received are properly authorized.

POLICIES/PROCEDURES:

I. GENERAL REQUIREMENTS

- A. Department Head approval is required for all purchases. All invoices shall be initialed and dated showing the department head's knowledge and approval for those purchases.
- B. Normal recurring operating expenses, such as utility expenses, rental payments, payroll taxes, etc. do not require comparative quotes or requisitions for approval.

II. PROCUREMENT PROCESSES

A. Comparative Quotes

- 1. 3 comparative quotes are required for purchases over \$20,000 up to \$50,000 and all non-Bid purchases over \$50,000 except as stated in item B under General Requirements above.
- 2. Quotes or current pricing information shall be obtained from reasonable competitors. All competitor information must be printed and attached to the purchase request. Pricing comparisons shall be based on best available price information with only reasonable competitor prices used.
- 3. Where 3 quotes cannot be obtained, a vendor's refusal to quote or simply the lack of vendors shall be documented and submitted with the requisition to the Finance Department.
- 4. When only a sole-source vendor is available, that information shall be documented on the requisition.
- 5. The Town reserves the right to select a higher quote if circumstances can be documented that the more expensive choice is in the Town's best interest.
- 6. Comparative quotes are not required when purchasing from a vendor on any State approved State Procurement List.

B. Requisitions

- 1. The computerized requisition process shall be used for any purchases or projects that in total accumulate to more than \$20,000 for each individual vendor except as stated in item B under General Requirements above.
- 2. Approved requisitions show official approval for the procurement process to go forward. As such, no purchases shall be made nor agreements signed until the requisition is approved in full.
- 3. Requisitions require the following approvals:
 - a. Finance Director approval for all requisitions.
 - b. Town Manager approval for all requisitions of \$30,000 or more.
 - c. Formal Council approval for purchases of \$50,000 or more.

C. Sealed Bids

- 1. A formal sealed bid process is required for construction and materials related purchases of \$50,000 or more.
- 2. Obtain a project/bid number from the Town Clerk's Office.
- 3. Publication of a notice of solicitation. In accordance with A.R.S. Section 9-812, an invitation for bids shall be issued and shall include a purchase description and all contractual terms and conditions applicable to

the procurement. The notice shall include publication one or more times in a newspaper of general circulation in the Town within a reasonable time before bid opening. The publication shall be not less than two weeks before bid opening nor more than 90 days before bid opening and shall be circulated within the affected governmental jurisdiction. Notice should also be sent to the League of Arizona Cities and Towns, plan rooms and all vendors who have requested to be placed on the bid list.

4. A notice of solicitation for bids shall state the date, time and place of opening, and the place and time period within which bids shall be submitted. The time of bid opening shall be not more than 15 minutes after the deadline to submit bids.
5. The notice shall state with particularity the goods or services required and shall state the place where specifications may be examined.
6. Bids shall be submitted in a sealed envelope clearly identified as a bid on the front of the envelope. Any bid not received within the time period allowed shall be rejected.
7. All bids shall be date and time stamped upon receipt.
8. All bids shall be opened in public at the time and place specified, and a tabulation of all bids shall be posted at Town Hall for public inspection.
9. All bidders shall be notified in writing of the award or rejection of any and all bids.
10. Original bid documents are maintained on file in the Town Clerk's Office in accordance with the Town of Camp Verde Records Management Manual.
11. Unless the bids are rejected, the following shall be considered in determining the lowest responsible bidder:
 - a. The ability, capacity and skill of the bidder to perform the contract or provide the service required.
 - b. Whether the bidder can perform the contract or provide the services promptly or within the specified period of time without delay or interference.
 - c. The quality of performance of previous contracts.
 - d. The previous and existing compliance by the bidder with the laws and ordinances of the Town.
 - e. The financial resources and ability of the bidder to perform the contract.
 - f. The quality, availability, and adaptability of the supplies or service.
 - g. The reasons for selecting other than the lowest bidder shall be documented and filed with the bid documents.
12. Following the sealed bid process, the Designed Project Manager or designee will complete the requisition process through the computer accounting system. The following documentation must be included with all requisitions:
 - Agenda Information Memorandum
 - Grant Summary Sheet (if applicable)
 - Approval of minutes (will need to be acquired from the Clerk's Department once available; draft minutes can be uploaded initially)
 - Signed contract agreement showing total project amount
 - Three quotes (if applicable) or sole source approval form
 - W9

D. Contracts & Agreements

1. Contracts & Agreements shall be reviewed and given a recommendation for approval by the purchasing Department Director.
2. Contracts & Agreements of less than \$50,000 shall be approved and signed by the Town Manager.
3. Contracts & Agreements of \$50,000 or more require Council approval and the Mayor's signature.
4. Amendments to any project's line item budget require Council approval and the Mayor's signature when the Amendment is more than 10% over a contracted amount of \$500,000 or more than 15% of a contracted amount under \$500,000.
5. Council shall be notified of any contract overages within 3 working days.

6. The Mayor, in consultation with the Town Manager, may sign change orders in excess of \$50,000 without Council approval, if the Mayor, exercising his/her discretion, determines that the change order is reasonably necessary for safety or emergency reasons or if the cost of the change order will increase based on the time delay incurred waiting for the next Council meeting. The Town Manager shall place any such authorization on the agenda of the next scheduled Council meeting for possible ratification by the Council.

E. Request for Quotes (RFQ) for Loans

1. A request for quotes (RFQ) process shall be required for obtaining loans greater than \$250,000.
2. RFQ's shall specify at a minimum, the amount of the desired loan and list the equipment desired or other specified use of the loan. They shall also specify a cut-off date of acceptance.
3. RFQ's shall be sent out to a minimum of 3 separate institutions.
4. RFQ's may be sent out and received by email.
5. RFQ's shall be reviewed by the Finance Director for the best suitability for the Town, which may include details beyond the interest rate.
6. Loan applications to WIFA or GADA do not require any comparative quotes to be obtained.

F. Other Items

1. Performance and Payment Bonds. The Public Works and/or Utilities Director shall have the authority to require a performance bond, in such amount as the Finance Director may deem sufficient for contracts other than contracts for construction, and the Finance Director shall require performance and payment bonds for contracts for construction as required by law (in excess of \$20,000). In all cases of construction to which state law applies, any requirement for a bond shall be incorporated into the contract.
2. Exclusive Service. In the event that there is only one person or entity capable of providing a particular commodity or service, the requirement of the Town Code concerning bidding procedures shall not be applicable. However, for auditing purposes, sole-source proof shall be maintained.Professional and Technical Services
 - i. The provisions of the Town Code shall not apply to professional or technical services.
 - ii. For Professional Services (e.g. legal, prosecutorial, auditing, etc.) that Town will issue Request for Proposals or Request for Qualifications. The individual/firm that Town contracts with for said services will be determined by a committee consisting of the Town Manager and applicable staff and approved by the Town Council. The Town will release RFPs/RFQs for any contracted professional services at least every five years.
 - iii. No person or firm practicing in a professional or technical field for which a license is required by state law shall be engaged by the Town unless possessing a current license in good standing.
 - iv. Upon engagement, the Town shall enter into a written agreement or memorandum of understanding for the performance of the services for which engaged, setting forth the scope of services and the unit or total price therefore.
3. Job Order Contract. Under ARS Section 34-601, the Public Works and/or Utilities Director may authorize the solicitation for Request of Qualifications (RFQ) and/or Request for Proposals (RFP), for the selection of a qualified firm/individual with whom the Town may enter into a Job Order Contract (JOC) in accordance with Title 34 of the Arizona Revised Statutes. The method of solicitation and selection may include the consideration of contractors approved under the Mohave Contract, Arizona State Purchasing Cooperative Agreement, or other appropriate Cooperative Purchasing Agreements. Multiple contracts for Job-Order-Contracting construction services may be awarded to separate persons or firms on a final list with whom the Town may negotiate fair and reasonable contract terms. Multiple year contracts shall be executed for three years, performance reviews and fixed or unit prices may be updated annually.
4. Cooperative Purchasing. Staff are not required to obtain bids and quotes for purchases made by, through or with the State of Arizona, its political subdivisions or established cooperative purchasing groups that require a formal bidding process for all available vendors on that contract. The Town may make purchases or award contracts for services without a formal bidding or proposal process whenever other governmental

units have done so for the same item or service, if, in the opinion of the Finance Director, a separate bidding process is not likely to result in a significantly lower price for such items or services.

5. Grants. The provisions set forth in the Town Code or the Town of Camp Verde Financial Operations Guide may be superseded by bidding, proposal, or qualification requirements in federal and state grants.
6. Purchases from Mayor or Council Members. Pursuant to ARS § 38-503(C), as may be amended, the Town, through its common Council, may purchase supplies, materials, and equipment not to exceed \$300 in cost in any single transaction or a total of \$1,000 annually, or as may be adjusted by law from the Mayor or any member of the common Council without using competitive public bidding procedures according to an annually adopted Town policy.
7. Contingency Budget Use
 - i. Town Manager approval shall be obtained in writing for use of the Contingency line item of up to \$10,000 per separate event.
 - ii. Council approval with Town Manager recommendation for use of the Contingency line item for amounts over \$10,000.

RECEIVING

PURPOSE: To establish standard policies and procedures for the accurate receipting of all purchases or services received by the Town of Camp Verde.

POLICIES/PROCEDURES

- A. All items purchased by the Town shall be accompanied by a written receipt of the items.
- B. A title or deed acts as the receiving document for the purchase of vehicles, land or buildings. The sales contract acts as the invoice.
- C. Items purchased with petty cash are documented by the purchaser as being received by the purchaser's signature on the detailed receipt or with a signed, written description of the items purchased if a detailed receipt is not available. It is then placed in the petty cash drawer and marked "PAID" as proof of the use of funds.
- D. Items purchased and paid for at the time of receipt with a Town check or a Town credit card must include an itemized receipt that is signed by the purchaser. The proper account code is identified, and the receipt is forwarded to the Finance Department for payment.
- E. All other items received are documented on a packing slip, bill of lading or a vendor invoice.
 - 1. Items received are signed for and dated by the department head or their designee upon inspection by that person that all items on the receiving document are indeed delivered to the Town in good condition.
 - 2. Receiving documents for items purchased with a Purchase Order include the Purchase Order number.
 - 3. Items received via a parcel shipping company are signed for at the time of receipt from the delivery company as receipt of a number of boxes or envelopes. Upon delivery of the parcel(s) to the appropriate department, the department head or his/her designee inspects the contents of the delivery, signs and dates the accompanying packing slip or invoice and note the amount and the condition (if necessary) of the items received.
 - 4. After completing the above procedure(s), all receiving documents are forwarded to the Finance Department and attached to the invoice.
 - 5. If any item purchased exceeds \$5,000, notification shall be made to the Finance Department to flag the item for potential entry on the Capital Asset Listing. See the "Capital Asset" policy in the Town of Camp Verde Financial Operations Guide for proper reporting procedures.

CONTRACTED SERVICES

PURPOSE: To establish standard policies and procedures for the accurate handling of contracted services.

POLICES/PROCEDURES:

- A. Definition – Contracted Services refers to all Vendors the town hires to perform a service-type activity while on Town property or working on Town equipment.
- B. Before a contract service provider is allowed to begin working, the department utilizing the contract service provider must verify the following:
 - 1. The vendor has completed a Form W-9. This form must be submitted to the Finance Department by the department that the vendor is contracted with. If payment is due and the required Form W-9 has not been received, the payment is subject to backup withholding of 28% pursuant to IRS requirements.
 - 2. The vendor has provided the HR Director with a copy of the required liability and worker's compensation insurance policies.
 - 3. The vendor has a current business license on file with the Town Clerk's Office.
 - 4. The vendor's trade licenses/certifications are current and valid.
 - 5. Budget appropriation exists to fund the transaction.
- C. The department utilizing the contract services provider, in conjunction with the Finance Department, is responsible for ensuring that the amounts paid do not exceed the total approved amount.

DISBURSEMENT POLICIES

SECTION

CASH DISBURSEMENTS

PURPOSE: To establish standard policies and procedures for the disbursement of funds to vendors for items or services purchased by the Town of Camp Verde, for ensuring that all services and items delivered were authorized and accounted for properly, and for maintaining accurate vendor files.

POLICIES/PROCEDURES

I. INVOICES

- A. The Cash Disbursement/AP process begins with the received invoice. Invoices shall be used for payment. Original invoices are preferred when possible.
- B. Each department is responsible for receiving and verifying each invoice along with entry into the computer accounting system. Exceptions to the actual computer entry includes bills paid by statement and a few other invoices as specified by the Finance Department. The Finance Department shall enter those invoices into the computer system.
- C. Each invoice shall be verified as: 1) not previously paid and 2) a valid expense, with materials received or services rendered by the receiving department. The Department Director shall initial each invoice as approved and include the proper coding on the invoice as well. Backup materials and the receiving document(s) shall be attached to the invoice.
- D. Staff enters the invoices into a bi-weekly batch file in the computer accounting system. When the batch is ready for payment, staff shall print a summary batch report that is to be verified and initialed by the Department Director as valid for payment. The summary report along with the invoice detail is then forwarded to the Finance Department.
- E. Batches are paid bi-weekly by the Finance Department. Received batches are reviewed by the Finance Department with any discrepancies noted and/or adjusted. All individual batches are compiled into a final batch in the computer software for payment by the Accountant. If an emergency check is required, the Finance Director may approve processing of a check outside the normal batch timelines.

II. CHECKS

- A. Blank check stock shall be kept in a locked storage cabinet in the Finance Department.
- B. Check signers include the Mayor, Vice Mayor, Finance Director, and Town Clerk (per Resolution 2008-744).
- C. Check signers may have a signature stamp. Signature stamps shall be placed in a secure location in the check signer's department, but not in the same location as the blank checks. Each check signer is responsible for the safekeeping and authorized usage of the stamp. Each department shall have a designated employee(s) authorized to use the signature stamp in the check signer's absence, and this authorization shall be made in writing.
- D. Signatures may be printed by the accounting software program as long as the signatory is reviewing each check run and approving such by initialing and dating each review.

- E. Printed checks and the check register shall be documented and reviewed against the invoice detail by the Finance Director. The checks, invoices and check register are then provided to the Mayor for review and signature. If the Mayor is not available, the Vice Mayor or Town Clerk is also approved to review and sign. The check register is to be initialed by both signatories verifying that all checks on the register have been reviewed.
- F. Check logs shall be maintained by the Finance Department to document the review of all normal AP disbursement processes. There shall be one check log for the Finance Director and one for the second signer of the disbursement request. This is generally completed by the Mayor but can be updated by the Vice-Mayor or the town Clerk as needed. The check log shall document the date reviewed/signed, the beginning and ending check numbers of each reviewed run and the name and initials of the person signing, stamping or reviewing. Any missing checks or ACH payments should be reviewed and documented as to the reason for the missing information on the check logs.
- G. Signed checks are returned to the Accountant for processing and mailing. Invoices are filed by Vendor name and fiscal year in the Finance Office.
- H. Any voided checks shall be marked void and filed in a reconciliation file after being reconciled with the bank reconciliation for the same period.
- I. Departments shall submit all prior year invoices to the Finance Department no later than August 31. Any invoices submitted after August 31st may be included in the next fiscal year.
- J. Each January, staff shall compile and reconcile a preliminary list of 1099s to be issued in accordance with IRS regulations. The Finance Director shall review and approve the preliminary determination of 1099s to be issued. Once approved, staff processes the final 1099s for distribution to vendors and the IRS.

CREDIT CARD / PURCHASING CARD (P-CARD) & BUSINESS CHARGE CARD POLICY

PURPOSE: To establish standard procedures for the use of Town credit cards and business charge cards. The purpose of the credit card is principally for use in making travel arrangements or other purchases directly from a vendor's website. Credit card may not be used to bypass the Purchase Order process or other established purchasing policies. Business charge cards are also available for certain frequently used vendors. For the purposes of this policy section, credit card, purchasing card and business charge card shall be understood to be one in the same.

I. GENERAL POLICIES

- A. The Finance Department shall track, maintain and periodically review all Purchasing card accounts.
- B. Credit card charges shall be turned in to Finance along with a corresponding P-Card Expense form for all purchases on a monthly basis.
- C. Any approved credit card or business charge card accounts shall be opened by the Finance Director, or his or her designee. No other individuals are authorized to open credit card or business charge card accounts.
- D. The Finance Director may raise or lower limits as appropriate within reason for each individual account. Any individual card limit above \$10,000 shall be requested by the Finance Director and approved by the Town Manager.

II. CARD GROUPS

- A. Gas cards: Gas cards are typically issued under specific departments and are only able to purchase fuel for vehicles. Cards are held/controlled by the authorized individual of each department. Cards shall be checked out for a specified use and returned. Gas cards should not be used locally in place of the County gas supply. Gas cards typically have a \$250 limit.
- B. Travel cards: Travel cards are issued under specific departments and can be utilized for all travel related expenses including fuel, lodging, parking fees, etc. They are generally also used for training registration. Cards are held/controlled by the authorized individual of each department. Cards are checked out for a specified use and returned. Travel cards typically have a \$1,000 limit.
- C. Department cards: Department cards have a much broader range of purchase options and are used for purchases within a single department typically of a smaller nature and generally through websites. Department cards typically have up to a \$2,000 limit.
- D. Individual cards: Individual cards are typically reserved for department heads or higher level administrative staff that typically make their own purchases or purchases specifically for their department. Individual cards typically have a limit of between \$500 and \$1,500. However, department heads that show a specific need can have a higher limit up to \$5,000.
- E. Finance cards: The Finance Department has Gas, Travel and Department cards that are available to all Town departments as needed. Cards shall be checked out from Finance and returned after use. Finance department cards have specific uses and limits as follows:

- a. Card #1 is for Finance use only, paying AP bills and all annual recurring billing arrangements. It is not used for any offsite purchases. It has a limit of \$50,000.
- b. Card #2 is used by all Town departments for large on-site purchases greater than \$1,000. It has a limit of \$50,000.
- c. Card #3 is used by all Town departments for smaller on-site purchases less than \$1,000. It has a limit of \$15,000.

III. USE OF CARD

- A. The credit card/business charge card shall be used for Town purchases only.
- B. No person other than the one who signed out the card is authorized to use it. Employees must not retain credit card information for future use. Card information shall never be saved to any website, with the exception of Finance Department cards which shall require Finance Director approval.
- C. The employee shall take all necessary precautions to keep cards and card numbers in a secure location. The Finance Department is to be notified immediately if a card is lost or stolen.

IV. DOCUMENTATION

- A. An invoice and any relevant backup information for all purchases shall be obtained any time a purchase is made using the card, including phone and internet purchases. Invoices shall be in detail to allow clear understanding of the purchased items or service. If the purchaser is unable to provide such documentation, the charges may be the responsibility of the purchaser.
- B. All purchases shall be recorded on the P-Card Expense form on a monthly basis. .
- C. For internet orders, employees shall print a copy of the receipt/order confirmation and attach to the P-Card Expense form. Any originals mailed after the purchase shall be attached as well or forwarded to the Finance Department if received at a later date.
- D. If, for any reason, the employee does not have documentation for a transaction, the employee must attach a detailed description of the purchase, including: a description of the item, vendor's name, reason for missing documentation, and the action that will be taken to ensure proper documentation in the future. In addition, the employee and the department head's signature shall be required on the form.

V. PROHIBITED CHARGES

- A. The following uses of a credit card are **prohibited**:
 - 1. Cash advances.
 - 2. Personal purchases. Employees may not charge any personal items on the Town credit cards.
 - 3. Employee meals for travel, off-site training, recognition and other similar type activities that focus on an individual or a single department or division.
 - 4. Alcoholic beverages.
 - 5. Purchases that do not follow Town established procurement policies (see the PROCUREMENT section).

Any prohibited use of cards shall be reported to the Finance Director and applicable department head and/or the Town Manager.

VI. RECONCILIATION AND PAYMENT

- A. All invoices shall be reconciled to the monthly statement by the Finance Office.
- B. Payment shall be made promptly and before the due date to avoid any service or finance charges.
- C. Any department not responding promptly to the request for information from the Finance Department or in any way delaying the timely monthly payment of the credit card account shall be assessed the finance charges imposed by the issuing financial institution.

VII. POLICY VIOLATIONS

Failure to follow this policy may result in loss of card privileges and, for employees, may result in disciplinary action, up to and including termination of employment.

TRAVEL AND TRAINING

PURPOSE: The policy of the Town of Camp Verde is to encourage training opportunities for employees so their services rendered to the Town can be made more effective, and that employees may become, at the same time, qualified for promotion to higher-level positions. The department head, consistent with the budget and this policy, may authorize attendance at conferences, seminars, meetings, conventions and other courses that directly benefit the Town of Camp Verde.

POLICIES/PROCEDURES:

I. ELIGIBLE INDIVIDUALS

- A. Current Town employees and necessary regular volunteers
- B. Members of boards, commissions, authorities, volunteers, council and committee members who are not employees of the Town yet serve the Town as members on these boards, commissions, authorities, councils and committees.

II. GENERAL PRINCIPLES

- A. All out-of-state travel shall be approved by the Town Manager prior to scheduling.
- B. Eligible individuals may attend educational or training seminars if funds for that purpose are available and such training is directly job related or beneficial to the Town.
- C. The most economical method of transportation shall be selected in terms of expense to the Town (or grantor agency) and the eligible individual's time away from the office. If the eligible individual chooses an alternate method of transportation, reimbursement shall be capped at the cost of the least expensive option.
- D. All travel, in-state and out-of-state, is conducted according to the Town Travel and Training Policy regardless of funding source (e.g. Grant requirements do not supersede the Town requirements; however, any grant requirements that are more restrictive must be followed).
- E. Any travel reimbursement claims shall be submitted to the Finance Department using the Training/Travel Reimbursement Form within five (5) business days after the end of the trip.
- F. Any expenses incurred for items such as alcohol, telephone calls (except when business related), in room movies, etc. shall not be covered by the Town and are the employee's responsibility. A Town issued credit card shall not be used to initially pay for these items even if the employee expected to reimburse the Town.
- G. It is appreciated by the Town when travelers are able to save the Town from certain expenses. However, this does not give the traveler the right to expect to receive financial gain for those savings (e.g. if you stay with family you do not have the right to claim per diem for meals provided at their house).

III. PROCEDURES

- A. Employees desiring to attend schools, conferences, conventions, seminars, and other official meetings shall complete a Training/Travel Expense Advance Form and submit to their department head for approval. If the travel is out-of-state, it shall first be approved by the Town Manager prior to scheduling.
- B. Upon approval of the training/travel request, the department designee makes the necessary travel arrangements and prepays lodging and other travel costs as appropriate. All travel/training arrangements are recorded on the Training/Travel Expense Advance Form.
- C. For advances of per diem allowances, employees shall submit a complete and approved Training/Travel Expense Advance Form to the Finance Department not less than ten (10) working days prior to the date that travel for such schooling or training is to commence.

IV. TRAVEL COMPENSATION GUIDELINES

- A. Tips and other gratuities for all meals are included in the per diem.
- B. The Town shall compensate expenses only when the expenses are incurred during the performance of official duties of the Town employee and for the Town's benefit.
- C. Subsistence shall not be permitted when the training received is for the direct benefit of the employee and not required by the job.
- D. An employee on Town travel status who extends the travel for his/her own convenience or enjoyment when such is not required by the Town, is not entitled to the allowance for that meal or if applicable, lodging. Any increase in travel costs (e.g. a larger room, extra bed, per person expenses, due to an accompanying family member) shall be borne by the employee.
- E. Employees shall be responsible for any fines or traffic violations incurred while traveling on Town business in either a Town vehicle or personal vehicle.

V. LODGING

A. Eligibility

- 1. Employee must be on authorized travel status.
- 2. For lodging to be covered by the Town, the intended location must be outside a 75-mile radius of the Town center located at 473 S. Main Street. Exemptions to the distance requirement are:
 - A. An early morning meeting that would require the employee to leave the Town prior to 6:00 am.
 - B. Late night travel that would present a potential danger or risk to the Town or individual after attending functions of the event.
 - C. A location where severe weather could reasonably prevent safe travel in either direction.
- 3. Events starting at or after 8:00 a.m. are not eligible for lodging and per diem for the day before the event begins unless the event is located in an area outside the traveling distance of the greater Phoenix, Flagstaff, Prescott or Payson areas.
- 4. Lodging must be at a commercial establishment to be eligible for reimbursement.
- 5. Lodging is covered at the single room rate unless sharing a room with another Town employee.

B. Documentation

- 1. The commercial establishment's original receipt is required.
- 2. Lodging receipts shall be itemized.
- 3. If original lodging receipt is lost or destroyed:

- a. A photocopy may be submitted with the statement. Treat as the Original.
- b. The employee and the department head shall sign the photocopy.
- c. If a photocopy is not available and cannot be obtained from the commercial establishment, then a canceled check or credit card receipt showing the payment of the lodging may be used. This situation may cause the employee to receive disciplinary action including the loss of authorized travel status.

VI. MEALS

- A. Meals shall only be reimbursed on a Per Diem basis.
 1. Per diem requires an overnight stay. Single day travel does not qualify for per diem.
 2. Meals shall be at a commercial establishment to be eligible for per diem.
 3. Receipts are not required to be submitted.
 4. Traveler is not entitled to a per diem allowance for meals that are included (free) at the conference, seminar or lodging site.
 5. Per diem requests shall be signed by the requesting payee.
 6. Town purchasing cards (credit cards) may not be used for meals.
- B. Per Diem Rates for Breakfast, Lunch and Dinner will be paid based on the Federal per diem Standard Rate only.
- C. Allowable Meal Times
 1. Breakfast - When travel commences on or before 6:00 a.m. or returns after 10:00 a.m.
 2. Lunch – When travel commences prior to 11:30 a.m. or returns after 1:30 p.m.
 3. Dinner - When travel commences prior to 6:00 p.m. or returns after 7:00 p.m.

Note: Travel times are determined WITHOUT considering a stop for meals.

VII. TRANSPORTATION

- A. Compensation shall be made only for the method of transportation, which is in the best interest of the Town considering travel expense, vehicle condition, as well as the employee's time. When more than one employee uses the same motor vehicle, only one claim for mileage compensation shall be allowed.
- B. Using Town Owned Vehicle
 1. The employee must obtain authorization from their department head prior to use of a Town owned vehicle.
 2. A valid driver's license is required if the employee is driving a Town, personal or rental unit on Town business.
 3. Each department shall reserve a general pool vehicle with the Town Clerk's Office at least one business day before needed.
 4. Pool vehicles require that all pertinent information be provided in the vehicle log, including name of user, beginning and ending mileage, total miles traveled, destination, purpose of travel, and fuel level. These forms are picked up from and returned to the Town Clerk's office.
 5. Pool vehicles should be returned with a full fuel level from an out-of-town trip and any problems or incidents with the vehicle shall be reported to the Maintenance Department Manager. The vehicle shall be returned in a clean state (all beverages, paper and trash shall be removed).
 6. General Pool vehicles shall never be returned with less than ½ tank of gas, regardless of the length of the trip.
 7. There is no smoking or alcohol allowed in Town vehicles.
 8. Passengers & Drivers - No unauthorized passengers or drivers shall be allowed to either operate or ride in Town vehicles, including the transport of family members.

C. Requirements for using personal vehicle

1. Employee must obtain authorization from the department head prior to use of personal vehicle.
2. A valid Arizona driver's license is required if the employee is driving a Town, personal or rental unit and on Town business.
3. Employees are responsible for ensuring personal vehicles are safe for travel.
4. Employees shall carry liability insurance coverage with a minimum coverage of \$15,000 per person and \$30,000 per accident.
 - a. If a traveler using a privately owned vehicle is involved in an accident and found to be at fault, his/her liability insurance carrier is responsible to the limits of the policy, including any deductibles. If the amount exceeds that coverage, the Town's insurance, at the time, covers the amount over the policy limits if the traveler was acting within the course and scope of their employment.
 - b. If a traveler driving a privately owned vehicle on Town business is involved in an accident, regardless of fault, the Town shall not reimburse for any physical damage to the motor vehicle.
5. Compensation Basis
 - a. Compensation is based on map mileage using official state highway maps or mapping programs. Odometer mileage may be submitted for travel to dining or multiple event locations within reason (e.g.: traveling long distances to eat at a certain restaurant rather than those within close proximity to the event is excessive and shall not be reimbursed).
 - b. Beginning address and ending location address shall be submitted for compensation.
 - c. Compensation is based on using the most direct route.
 - d. Mileage compensation shall be at the lower of the Arizona Department of Administration approved rate or the IRS standard mileage rate. When the Arizona Department of Administration and/or the IRS standard mileage rate adjust, the Town automatically adjusts its mileage rate. The mileage rate includes all travel and maintenance expenses of the vehicle.

VIII. MISCELLANEOUS TRAVEL ISSUES

A. Communication Expense

1. Business communication charges, including faxes and copies, are reimbursable if documented by receipts.
2. Business calls are reimbursable and should be noted as such on the hotel receipt. The number called should be visible. No personal calls shall be reimbursed.

B. Extending Business Trips with Vacation Time

1. With the department head's approval, traveler may extend a business trip using vacation time.
2. The Town covers the lodging, map mileage and per-diem for the period that the traveler is conducting Town business. Additional costs to extend the trip shall be borne by the traveler.

C. Local Transportation, Tolls and Parking

1. Taxi, bus, and streetcar use is classified as local transportation and can be claimed with receipts. Whenever possible, hotel-provided shuttles should be used.
2. Claims for local transportation shall not be allowed where the Town provides for other transportation (Town, personal or rental vehicle) unless it can be documented that local transportation was necessary or reasonable.
3. Bridge and road tolls are reimbursable with receipts.
4. Travelers shall use the free or discounted parking, when available, when traveling on Town business. Valet parking expenses are not reimbursable unless required for direct Town business.
5. Receipts are required for reimbursement of allowable parking fees.

D. Rental Cars

1. If travel necessitates the use of a rental car, Department Head authorization shall be obtained prior to booking the rental car.

2. The rental car shall be a mid-size or smaller vehicle unless a group traveling together requires a larger vehicle or no other vehicle is available.
3. Insurance shall not be purchased from the rental car agency as the Town's insurance policy covers rental cars.

E. Airline Travel

1. Department Head authorization shall be obtained if airline travel is requested.
2. The Town shall only fund coach seating in airline traveling. If the employee wants to upgrade the seating type, the employee shall be responsible for the difference in cost.

UNCLAIMED PROPERTY

PURPOSE: To establish standard policies and procedures for recording and handling unclaimed property.

POLICIES/PROCEDURES

- A. On a monthly basis, review all checks that are still outstanding on all bank reconciliations.
- B. If checks have not cleared after 90 days, the Finance Department will attempt to contact the individual or vendor. Checks held for pickup shall be mailed after 14 days if not picked up.
- C. If the individual/vendor cannot be reached or a mailed check is returned, the Finance Department staff shall void and stop payment on the check
- D. and record the voided check amount in the Unclaimed Property liability account.
- E. If the vendor, or employee, contacts Finance after the check has been voided, the Town will reissue another check and remove the amount from the Unclaimed Property liability account.
- F. On an annual basis (on July 1), the Finance Department shall review all amounts in the Unclaimed Property liability account and identify those that have reached the period when payment must be turned over to the state. The dates used on the "Unclaimed Property Report" are July 1 through June 30. The report is due November 1st.
- G. The Finance Department shall send the completed Unclaimed Property Report and payment to the State by the required date.

GENERAL LEDGER POLICIES

SECTION

JOURNAL ENTRIES

PURPOSE: To maintain balanced accounts and to make necessary adjustments to resolve unbalanced accounts.

I. POLICIES/PROCEDURES

- A. A Journal Entry form is completed detailing the adjustments needing to be made. Any supporting schedules or other documentation must be attached if applicable. The employee preparing the journal entry shall sign and date the Journal Entry form.
- B. Journal entries shall be approved by the Finance Director prior to entry into the accounting system.
- C. Approved journal entries are entered into the accounting system monthly. Only the Finance Director shall be able to post entries into the system.

II. AUDIT ADJUSTING JOURNAL ENTRIES

- A. The Finance Director shall review to determine the validity of any audit adjusting journal entry.
- B. Upon consensus, the audit adjusting journal entry is input into accounting system and posted by the Finance Director.

TOWN FUNDS

PURPOSE: To establish policies related to the operation of Town funds.

POLICIES/PROCEDURES

I. CREATING / REMOVING FUNDS

- A. All requests to add or remove funds shall be approved by the Town Council.
- B. New funds generally are requested and approved as part of the annual budget process; however, if the need arises during the year, a request for creation of a new fund must be submitted to the Town Council for approval. Funds shall only be considered for removal during the budgeting process each year.
- C. Once approved, the Finance Director will create the new fund or remove the old fund in the accounting system if applicable.
- D. The Finance Director will notify applicable employee(s) of the uses and non-uses of the new fund or of the disuse of the old fund if applicable.

II. OPERATING TRANSFERS

- A. Operating Transfers are authorized by the Town Council during the annual budget process.
- B. If an unbudgeted operating transfer becomes necessary or if the amount budgeted was insufficient by more than 5%, approval shall be obtained from the Town Council. Budgeted Operating Transfers needing to be increased by less than 5% can be authorized by the Finance Director.
- C. Operating transfers are recorded through a journal entry (refer to the Journal Entries Section).
- D. Operating transfers shall be recorded in a timely manner. Depending upon the nature and purpose, operating transfers shall be recorded at the very least quarterly.

PAYROLL POLICY

SECTION

PAYROLL

PURPOSE: To establish standard policies and procedures for the disbursement of funds to employees of the Town of Camp Verde to ensure that all work performed is authorized and accounted for properly and to maintain payroll files.

POLICIES/PROCEDURES:

I. INITIATION, STATUS CHANGES and PAYROLL WITHHOLDINGS

Original authority for placing an employee on the payroll, authority to execute any change of employee status, or authority to remove an employee from the payroll is recorded on a properly executed and approved Personnel Action Form. Personnel Action Forms shall be approved by duly authorized Town officials including the Town Manager, HR Director, Finance Director. Authority for initial federal and state income tax withholdings and subsequent changes is recorded on a properly executed W-4 form and A-4 form. The original authority for court ordered withholdings shall be a copy of the court order. Deductions from an employees' check shall be supported in writing by the employee.

II. RECORDS

A. Employee Payroll Files

An Employee Payroll File is maintained for each employee in the Finance Office which includes the following information: Personnel File Information Form, W-4, A-4, copies of Personnel Action Forms, copy of Retirement Enrollment Form, payroll deduction forms, court orders, and any miscellaneous payroll information regarding the employee.

B. Employee Personnel Files

The originals of the following forms are kept in the Employee's Personnel File located in the Human Resources Department: Employment Verification Form, I-9, Personnel Action Forms, Application and Evaluations, retirement information, Personnel Manual Acknowledgement forms, Oath of Office, disciplinary information, training certifications, and other personnel related documents.

C. Employee Time Records

Employee time and pay records are maintained electronically within the accounting system.

III. PAY PERIODS

All employees are paid bi-weekly, 26 times per year, on the Wednesday following the end of each pay period. Each bi-weekly pay period shall be defined as from 12:01 a.m. Sunday of one week through 12:00 a.m. Saturday of the following week. Shifts that start on a Saturday and continue through to the following Sunday are deemed as all worked in the previous week's payroll. Holiday Worked hours are only applied for the actual day worked, whether Saturday or Sunday if applicable.

IV. TIME ENTRY & APPROVAL

Time entry is completed electronically through the accounting system. Each employee has their own login name and individually selected password. Employees are responsible for entering their time for each pay period and to notify their supervisor immediately if there is a missed or inaccurate time entry. Once employee time is entered and

submitted, it shall be approved electronically by the authorized supervisor. Exempt employees are not required to enter time on a bi-weekly basis. Salaried employees are not required to enter in time worked into their timecard.

V. VACATION, SICK OR COMP TIME

Any employee requesting time off shall first get approval from their supervisor in advance for the requested time. Time-off requests for all employees (including exempt) are submitted electronically through the time entry system or by email and are then approved or denied by the employee's supervisor electronically as well. If an employee will be gone due to illness, injury or worker's compensation for 3 or more days, the Human Resources Department shall be notified promptly.

VI. CHECK RUN, SIGNING AND DISBURSEMENT

- A. Staff generates, from the computer, the payroll checks and check register.
- B. Manual checks are approved by the Finance Director and then forwarded to the Town Clerk (or Mayor or Vice Mayor if the Clerk is unavailable) for review and signature. The checks are then returned to the Finance office for distribution to employees.
- C. Check stubs and a copy of direct deposit checks along with all other relevant information used for the check run are placed in a folder for each separate pay run. Payroll checks are available for pickup on Wednesday morning. Department heads or their designated employee can pick up checks for their entire department. The employee picking up the checks shall sign the Payroll Check Sign-out Log.

VII. FISCAL YEAR END PROCEDURES

- A. When the final fiscal year end payroll crosses both fiscal years, the expenditures are allocated to each fiscal year based on the number of days in each period.
- B. Required reports are reconciled and filed each quarter and at year-end.

VIII. PAYROLL LIABILITY ACCOUNTS

The payroll liability accounts shall be reconciled by the Finance Department at least quarterly and any necessary adjustments shall be made. The Finance Director reviews these reconciliations.

BUDGET POLICY

SECTION

BUDGET POLICY

PURPOSE: To establish policies and procedures to carefully account for public funds, manage the finances wisely and plan for adequate funding of services that are desired by the public. The following budget policy provides guidance for preparing the Town of Camp Verde's annual budget (all funds) as well as adoption, implementation, and monitoring of the budget.

I. POLICIES

- A. **BUDGET PHILOSOPHY.** The Town of Camp Verde's budget philosophy includes funding the service delivery system using the resources provided through current revenue collection while planning for future needs through capital funding and maintenance.
- B. **BALANCED BUDGET.** Arizona law (Title 42 Arizona Revised Statutes) requires the Town Council to annually adopt a balanced budget. The Town of Camp Verde shall develop a balanced budget by June 30th each year, where projected revenues meet or exceed projected operational expenditures. In the event that projected revenues are not adequate to sustain the service delivery system desired by the Town's citizens, a draw on fund balance may be authorized by the Town Council in accordance with Town Code Section 3-4-5 Fund Balance Policy. In addition, the Town shall not use one-time (non-recurring) revenues to fund continuing (recurring) expenditures.
- C. **CONSERVATIVE PROJECTIONS.** Revenues and Expenditures will be determined through conservative projections. Current revenues will be sufficient to support current operating expenditures allowing the Town to maintain a positive operating position.
- D. **USER FEES.** User Fees will be adjusted as necessary to recover the full cost of services provided, except when the Town Council determines that a subsidy from the General Fund is in the public interest.
- E. **TOWN FEE SCHEDULE**
 - a. Annually, the Council approves a fee schedule which accompanies the fiscal year budget. The fee schedule outlines standard maximum fees or payment rates for specific services, goods, or activities provided by or under a Town program.
 - b. Once the fee schedule is set, it cannot be amended without Council approval and the proper noticing processes. However, the Town Manager is authorized to suspend the charging of fees for any particular fee listing within the current operating fiscal year, as deemed appropriate and only if doing so does not negatively impact the fiscal year's budget. Any fee suspension shall not remain active past the end of the current fiscal year.
- F. **DIVISIONS & DEPARTMENTS.** The Town is comprised of eight (8) separate Divisions. Each Division may have multiple Departments incorporated within that Division. These Divisions are recognized within the chart of accounts as follows: General Admin (1XX), Municipal Court (3XX), Public Works (4XX, but not 410), Community Development (5XX), Marshal's Office (6XX), Library (7XX), Parks & Rec (8XX) and Utilities (410, 490 and 495). Wastewater (490) and Water (495) are each Departments within the Utilities Division but are tracked separately within Enterprise Funds. Budget adjustments across Divisions must be approved by Council while budget adjustments between Departments within a single Division may be approved by the Town Manager.

- G. BUDGETARY LEVEL OF CONTROL. The Council's level of budgetary control in the General Fund is at the Division level (see item F above). The budgetary level of control for all other funds is at the Fund level.

II. PROCEDURES

A. BUDGET PROCESS

1. The Town Manager will meet with all Department Directors to discuss their outlook for the coming year and give staff direction as to the financial direction of the New Year's budget.
2. Department Heads will develop the budgets for their departments based on the recommended direction of the Town Manager.
3. Department Heads will enter their completed budget requests into the computer accounting system with appropriate notes for review by the Town Manager and Finance Director. Individual meetings are held with each of the Department Heads to discuss their budget requests and to assure that the Departments' narratives are complete.
4. The preliminary operational budgets are presented to Council Members in a budget work session to give Council an opportunity to understand the direction for the upcoming year and provide feedback to staff on the preliminary budget numbers. The Finance Department, with the Town Manager's direction, makes final adjustments to the operational budgets and completes all other fund budgets, verifying that all information is properly included in the proposed tentative budget document.
5. In June, the Tentative Budget is approved by Council and the budget is advertised in the local newspapers for two consecutive weeks.
6. In July, Public Hearings on the Tentative Budget are held. If no changes have been directed, the Final Budget is adopted and implemented.

B. BUDGET AMENDMENT POLICY

1. Once the tentative budget is adopted, the expenditure limitation amount is set for the fiscal year. The Town Council may not approve additional appropriations above that amount.
2. Throughout the fiscal year, amendments may be made to the adopted budget. All budget amendments across functional departments or various Funds shall be approved by the Town Council. Budget amendments include, but are not limited to: transfers of appropriations between departments, transfers of appropriations from the Contingency to departments and/or funds, and transfers of appropriations between funds.
3. The Town Manager may approve budget reallocations within Departments and Funds as referenced in the DEPARTMENTS & DIVISIONS section above without Council approval.
4. A budget adjustment is requested with the Budget Change/Re-Appropriation Form. The form is submitted to the Finance Director for review.
5. The Finance Director shall submit the completed Budget Change/Re-Appropriation Form to the Town Manager for amendments within a functional budget area or to the Town Council for amendments across functional department areas or Funds.
6. Approved changes to the budget shall be documented, signed and entered by the Finance Director and filed in an annual budget adjustment file.

C. BUDGET MONITORING

1. The Finance Department, along with each Department Head, monitors the budget continuously throughout the fiscal year. The Town focuses on the functional level (total salary expenditures, total operational expenditures, etc.) of tracking rather than focusing on the line item object level. This means that instead of tracking each line item to ensure that it remains within the budget appropriation, the focus is on whether the Department as a whole operates within its total budget appropriation.

2. Revenue projections are monitored monthly and statistically projected throughout the remainder of the fiscal year to determine the need to decrease expenditure appropriations in order to maintain a balanced budget.
3. Financial reports are given to the Town Council and Department Heads quarterly detailing the status of each department and the Town as a whole. Along with these reports, the Finance Department also presents a report to Council detailing the revenue projections through the end of the fiscal year and makes recommendations as needed to decrease appropriated expenditures, as a result of any shortfall in our revenue base, which may materialize.

D. BUDGET CALENDAR

1. By December of each year, the Finance Director shall obtain approval of the budget calendar for the following fiscal year.

E. CAPITAL PLAN

1. The Town will make all capital improvements in accordance with an adopted and funded Capital Plan. The Capital Plan will provide for adequate design, construction, maintenance and replacement of the Town's capital assets over a five-year period.
2. An annually updated 5-year Capital Plan will be brought before Council for approval during the annual budget process.
3. The 5-year Capital Plan should provide adequate detail on all proposed projects and suggested funding sources.
4. The 5-year Capital Plan should be developed with input from Department/Department heads.

F. FUND ACCOUNTING

1. The Town utilizes fund accounting, which is a method of tracking revenues and expenditures based on restrictions being placed on the revenues, requiring that they be used for specific purposes only. Each fund is considered a separate accounting entity. All funds except agency funds are included in the budget document. Agency funds are not required to be included in the budget document as they are monies belonging to separate entities, which the Town holds in trust for them. However, Agency funds may be included within the budget document if the Town has a compelling reason to do so. Agency funds will never be included within the totals of the Town's regular budgeted funds but instead will be reported separately.

G. GOVERNMENTAL FUNDS

1. General Fund - The General Fund is the main operating fund of the Town of Camp Verde; it accounts for the majority of the Departments and Divisions within the Town.
2. Special Revenue Funds - Special Revenue Funds are separate accounting records used to track revenues (and the related expenditures) that are legally restricted for specific purposes.
3. Debt Service Fund - The Debt Service Fund is used to account for the funding allocations and the payments of general long-term debt principal, interest and related costs.
4. Capital Project Funds - Capital Project Funds are used to track the financial resources to be used for the acquisition or construction of capital assets and for larger 1-time projects that may not ultimately be capitalized.
5. All Governmental Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means that the amount of the transaction can be determined. Available means that the funds are collectible within the current period or soon thereafter to pay liabilities of the current period. Expenditures are recognized when the related liability is incurred.

H. PROPRIETARY FUNDS

1. Enterprise Fund – Enterprise Funds are used to account for business-type activities where a fee is charged to external users for goods or services and use the full accrual basis of accounting for reporting but use the modified accrual basis of accounting for budgeting purposes.

I. FIDUCIARY FUNDS

1. Agency Fund - The Agency Fund is used to account for monies belonging to other agencies that the Town holds in a trustee capacity.
2. Fiduciary Funds - Fiduciary Funds are accounted for using the accrual basis of accounting. This method of accounting recognizes the financial effects of transactions and other events and circumstances that have cash consequences in the periods in which transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

J. BUDGET BASIS

1. The Town maintains its financial records in accordance with Generally Accepted Accounting Principles (GAAP) for government entities. The budgets of General Government Funds are prepared on a modified accrual basis. This includes all fund types managed by the Town of Camp Verde.

DEBT POLICY

SECTION

DEBT POLICY

PURPOSE: To establish policies and procedures to provide for the preservation and eventual enhancement of the Town's bond ratings, the maintenance of adequate debt service reserves, compliance with debt instrument covenants and provisions and required disclosures to investors, underwriters, and rating agencies. These policy guidelines will also be used when evaluating the purpose, necessity, and condition under which debt will be issued. These policies are meant to supplement the legal framework of public debt laws provided by the Arizona Constitution, State Statutes, City Charter, federal tax laws, and the Town's current bond resolutions and covenants.

The Town utilizes long-term debt to finance capital projects with long useful lives. Financing capital projects with debt provides for an "intergenerational equity", as the actual users of the capital asset pay for its cost over time, rather than one group of users paying in advance for the cost of the asset.

I. POLICIES/PROCEDURES

- A. The overall debt management policy of the Town is to ensure that financial resources of Town are adequate in any general economic situation to not preclude the Town's ability to pay its debt when due.
- B. The Town will not use long-term debt to fund annual operations.
- C. The Town does not intend to issue commercial paper (CP) or bond anticipation notes (BANs) for periods longer than two years or for the term of a construction project. If CP or a BAN is issued for a capital project, it will be converted to a long-term bond or redeemed at its maturity.
- D. Whenever the Town finds it necessary to issue revenue bonds, the following guidelines will be adhered to:
 - 1. Revenue Bonds are defined as bonds in which the debt service is payable from the revenue generated from the operation of the project being financed or a category of facilities, from other non-tax sources of the Town, or from other designated taxes such as Highway User's Revenues, excise tax, or special fees or taxes. For any bonds or lease-purchase obligations in which the debt service is paid from revenue generated by the project, that debt service is deemed to be revenue bonds and are excluded from the calculation of the annual debt service limitation.
 - 2. Revenue Bonds of the Town will be analyzed carefully by the Finance Department for fiscal soundness. The issuance of Revenue Bonds will be subject to the most careful review and shall be secured by covenants sufficient to protect the bondholders and the name of the Town.
 - 3. Revenue Bonds should be structured to provide level annual debt service over the life of the issue.
 - 4. Debt Service Reserve Funds should be provided when required by rating agencies, bond insurers, or existing bond covenants.
 - 5. Interest earnings on the reserve fund balances will be used to pay debt service on the bonds unless otherwise committed for other uses or purposes of the project.
 - 6. The term of any revenue bond or lease obligation issue will not exceed the useful life of the capital project, facility or equipment for which the borrowing is intended.
 - 7. The target for the term of Revenue Bonds will typically be between twenty and thirty years. The target for the "average weighted maturities" for Revenue Bonds of the Town (except for those issued through the Arizona Water Infrastructure Finance Authority) will be twelve and one half (12 1/2) years.

- E. Improvement District (ID) and Community Facility District (CFD) Bonds shall be issued only when the formation of the district demonstrates a clear and significant purpose for the Town. It is intended that Improvement District and Community Facility District Bonds will be primarily issued for neighborhoods and business districts desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage. The District must provide a specific benefit to the property owner(s). The Town will review each project through active involvement of Town staff and/or selected consultants to prepare projections, review pro-forma information and business plans, perform engineering studies, and analyze minimum debt coverage and value to debt ratios, and other analyses necessary to consider the proposal against specific criteria. Both ID and CFD Bonds will be utilized only when it is expected that they will be outstanding for their full term.
- F. Refunding Bonds will be measured against a standard of the net present value debt service savings exceeding 5% of the debt service amount of the bonds being refunded, or if savings exceed \$750,000, or for the purpose of modifying restrictive covenants or to modify the existing debt structure to the benefit of the Town.
- G. The Town shall comply with all U.S. Internal Revenue Service arbitrage rebate requirements for bonded indebtedness.
- H. The Town shall comply with all requirements of Title 15.1 Arizona Revised Statutes and other legal requirements regarding the issuance of bonds and certificates of the Town or its debt issuing authority.
- I. The Town will maintain regular contact with rating agencies through meetings and visits on and off-site. The Town will secure ratings on all bonds issued if economically feasible.

II. SHORT-TERM DEBT

- A. The Town may use short-term debt to cover temporary or emergency cash flow shortages. All short-term borrowing will be subject to Council approval by ordinance or resolution.
- B. The Town may issue inter-fund loans, rather than outside debt instruments to meet short-term cash flow needs. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations.

III. LONG-TERM DEBT

- A. The Town will confine long-term borrowing to capital improvements that cannot be funded from current revenues.
- B. Where possible, the Town will use special assessment revenue or other self-supporting bonds instead of general obligation bonds.
- C. Long-term borrowing shall be subject to Council approval by ordinance or resolution.

IV. LEASES

- A. When the acquisition of capital equipment may put a strain on current operations, lease arrangements may be utilized to finance the purchase of the equipment. These types of leases should be for 5 years or less and should be approved within the 5-year Capital Plan unless arising from an emergency situation.
- B. Leases of more than \$50,000 shall be brought to Council for approval.
- C. The Town Manager and/or the Finance Director shall have authority to approve and sign any and all lease documents once the purchase is approved by Council.

INVESTMENT POLICIES

SECTION

INVESTMENT POLICIES

PURPOSE: To establish policies and procedures to create a guide for the investment of Town funds. The Town also desires to take advantage of resources not available to the Town through the Local Government Investment Pool.

Therefore, it is the investment policy of the Town and its designee, the Finance Director, to maintain the safety of principal, maintain liquidity to meet cash flow needs and provide competitive investment returns as identified below. The Finance Director will strive to invest with the judgment and care that prudent individuals would exercise in their own affairs. The Investment Policy shall be reviewed with Council each year during the budget process.

I. POLICIES/PROCEDURES

A. GOVERNING AUTHORITY

1. The investment program of the Town shall be operated in conformance with Federal, State and other legal requirements, primarily outlined in A.R.S. §35–323.

B. SCOPE

1. The Town will consolidate cash and reserve balances from all funds in order to maximize investment earnings and to increase efficiencies with regard to investment management pricing, safekeeping costs and administration costs, except for cash in certain restricted and/or special funds, which are exempted from this policy.
2. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.
3. The Finance Director will follow A.R.S. §35–323 and other investment guidelines mandated by statute. Investments that need to restrict yield for purposes of the Internal Revenue Service's Arbitrage Bond Regulations (Treasury Regulation Section 1.148-1 *et seq.*) will be deposited into a separate account and invested in a manner that meets arbitrage guidelines permitted by the IRS.

C. INVESTMENT POLICY OBJECTIVES

1. The primary investment objectives of the Town in order of priority are:
 - a. Safety
 - b. Liquidity
 - c. Optimal yield
 - d. Collateralization
2. These objectives are defined below:
 - a. Safety - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to prudently mitigate credit risk and interest rate risk. It is understood by the Town that no investment is completely free of risk.
 - 1) Credit Risk - The Town will seek to mitigate credit risk, which is defined as the risk of loss due to the failure of the security issuer or backer. Mitigating credit risk is to be accomplished by:
 - a) Limiting investments in the portfolio to the asset classes designated as acceptable in A.R.S. §35-323;
 - b) Diversifying the investment portfolio so that the impact of potential losses from any one individual issuer held in the portfolio will be limited. Specific diversification parameters will be noted in Section VIII. Portfolio Criteria;
 - c) Utilizing external research and advice regarding the current global economic condition and its impact on the outlook for domestic corporate credit quality.

- 2) Interest Rate Risk - The Town will seek to mitigate interest rate risk, which is defined as the risk that the market value of securities held in the portfolio will decline due to increases in market interest rates subsequent to their purchase. This mitigation will be accomplished by:
 - a) Structuring the investment portfolio so that securities mature concurrent with the anticipated cash requirements for ongoing operations, thereby avoiding, as much as possible, the need to sell securities in an adverse market environment prior to maturity;
 - b) Investing funds primarily in shorter-term securities or similar investment pools and limiting the average maturity of the portfolio in accordance with the needs of the Town;
 - c) Utilizing external research and advice regarding the current interest rate outlook and global economic condition to optimize portfolio duration strategy.
- b. Liquidity - The investment portfolio shall remain sufficiently liquid to meet anticipated cash flow requirements. This is to be accomplished by structuring the portfolio so that securities mature concurrent with anticipated cash flow needs (static liquidity). Furthermore, because all possible cash demands cannot be anticipated, the portfolio should consist of securities for which there exist active secondary markets (dynamic liquidity). Alternately, a portion of the portfolio may be placed in money market mutual funds or the Local Government Investment Pool, which offers same-day liquidity for short-term funds.
- c. Optimal Yield - Return on investment is of lesser importance compared to the safety and liquidity objectives described above. The investment portfolio shall be designed to optimize the yield the Town obtains from the portfolio taking into account the criteria of the investment policy, the dynamic liquidity needs of the Town and the current interest rate outlook/economic condition.
- d. Collateralization – Securities will be registered in the name of the Town of Camp Verde.

D. INVESTMENT MANAGEMENT AUTHORITY

1. Authority to manage internally or to delegate the management of the investment program of the Town to an external manager is granted to the Finance Director. If authority to manage all or a part of the investment program of the Town is delegated to an external manager, the Finance Director is responsible for:
 - a. Periodic investment portfolio reporting;
 - b. Evaluating the performance of the externally managed portfolio;
 - c. Monitoring manager compliance with the investment policy;
 - d. Conveying the investment needs of the Town to the external manager;
 - e. Developing investment strategy with the external manager.

E. BROKERS/DEALERS

1. When the Town is investing directly with Brokers/Dealers, investment transactions shall only be conducted with financial institutions that are licensed, as may be required by law, to do business in Arizona. Primary government securities dealers or broker-dealers, engaged in the business of selling government securities, shall be registered in compliance with section 15 or 15C of the Securities Exchange Act of 1934 and registered pursuant to A.R.S. §44-3101, as amended. In addition, investment transactions shall be conducted only with those direct issuers who meet both credit and capital requirements established by the Finance Director. It shall be the responsibility of the broker-dealer to provide the following:
 - a. Audited, most recent annual financial statements within six months of the close of the fiscal year;
 - b. Unaudited, most recent quarterly financial statements;
 - c. Proof of National Association of Security Dealers certification;
 - d. Proof of Arizona registration (as needed);
 - e. A signed letter acknowledging that they have read and agree to abide by the investment policy.

F. PORTFOLIO CRITERIA

1. Acceptable Asset Classes
As of April 16, 2007, A.R.S. §35-323A defines the acceptable asset classes available for the Town to invest in as follows:
 - a. Certificates of deposit in eligible depositories.

- b. Certificates of deposit in one or more federally insured banks or savings and loan associations in accordance with the procedures prescribed in Section 35-323.01.
- c. Interest-bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under this article.
- d. Repurchase agreements with a maximum maturity of one hundred eighty days.
- e. The pooled investment funds established by the state treasurer pursuant to § 35-326.
- f. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
- g. Bonds or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns or school districts.
- h. Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district within this state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment.
- i. Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district in this state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. An investment shall not be made if:
 - 1) The face value of all such obligations, and similar obligations outstanding, exceeds fifty per cent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.
 - 2) A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.
- j. Commercial paper of prime quality that is rated "P1" by Moody's Investor Service or rated "A1" or better by Standard and Poor's rating service or their successors. All commercial paper shall be issued by corporations organized and doing business in the United States.
- k. Bonds, debentures and notes that are issued by corporations organized and doing business in the United States and that are rated "A" or better by Moody's Investor Service or Standard and Poor's rating service or their successors.
- l. All other investments are thereby prohibited from consideration for investment. Furthermore, the Town may desire to be more conservative in its investment portfolio and restrict or prohibit certain of the investments listed above.

G. BENCHMARK

- 1. The performance of an actively managed portfolio on behalf of the Town will be expected to at least match the performance of the Local Government Investment Pool during any one-year period.
- 2. Occasionally, based on the liquidity needs and the portfolio strategy of the Town it may be reasonable and desirable to measure portfolio performance against a total return benchmark. The Finance Director shall define such a benchmark after consultation with professionals in the field of financial management and the Town Council.

H. MATURITY PARAMETERS

Funds Maximum Maturity:	5 Years
Maximum Maturity for Repurchase Agreements:	180 Days
Portfolio Duration Target:	To be defined by the Finance Director in consultation with the Town Council.
Portfolio Duration Range:	+ / – 20% of the Portfolio Duration Target

I. CONCENTRATION AND DIVERSIFICATION

1. At the time of purchase a maximum of 5% of the market value of the portfolio may be invested in debt issued by any single entity. Debt backed by the United States Treasury or GSE's are exempt from this concentration criterion.

J. MINIMUM ACCEPTABLE CREDIT QUALITY

1. As indicated in the table below, all corporate portfolio holdings at the time of purchase shall have a minimum rating (*) by at least one of the Nationally Recognized Statistical Rating Organizations (NRSRO's).

	S & P	Moody's
Short Term Rating	Not lower than the Town of Camp Verde current G.O. Bond Rating or its commensurate short term rating * (see exhibit 1)	Not lower than the Town of Camp Verde current G.O. Bond Rating or its commensurate short term rating * (see exhibit 1)
Long Term Rating	One grade higher than the Town of Camp Verde current G.O. Bond Rating *	One grade higher than the Town of Camp Verde current G.O. Bond Rating *

*In no case shall the rating be lower than that required by A.R.S. §35-323, as amended.

K. SAFEKEEPING AND CUSTODY

1. Delivery vs. Payment - All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.
2. Safekeeping - Securities will be held by a custodian selected by the Town and evidenced by custodial reports. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

L. REPORTING

1. The Finance Director shall produce for the governing body of the Town or their designee a quarterly investment report.

M. CUSTODIAN RECONCILIATION

1. The report of investment holdings shall be reconciled within 30 days of the close of each month to the Finance Director's custodian bank. Discrepancies shall be reported to the Finance Director.

N. ETHICS AND CONFLICTS OF INTEREST

1. Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose, within ten (10) days, any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Town.

O. POLICY CONSIDERATIONS

1. Exemption – Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy. Any deviation from the preceding policy shall require the prior specific written authority of the Town Council.

MISCELLANEOUS POLICIES

SECTION

FRAUD POLICY

PURPOSE: To establish policies and procedures to maintain an ethical environment is a top priority for the Town of Camp Verde. The Town's Fraud Policy formalizes the expectations of personal honesty and integrity required of Town officials and employees. The Town of Camp Verde is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries, or its own employees, to gain by deceit, financial or other benefits. This policy prohibits fraud or misuse of the Town of Camp Verde's assets and sets forth specific guidelines and responsibilities regarding appropriate actions that shall be followed for the investigation of fraud and other similar irregularities.

POLICIES/PROCEDURES

- A. The Town of Camp Verde recognizes the importance of protecting the organization, its taxpayers, its employees, and its assets against financial risks, operational breaches and unethical activities. Therefore, the management shall clearly communicate the fraud prevention policy to both internal and external customers, vendors and employees.
- B. The impact of misconduct and dishonesty may include:
 - 1. The actual financial loss incurred
 - 2. Damage to the reputation of the Town and our employees
 - 3. Negative publicity
 - 4. The cost of investigation
 - 5. Loss of employees
 - 6. Loss of public confidence
 - 7. Damaged relationships with our contractors and suppliers
 - 8. Litigation
 - 9. Damaged employee morale
- C. The Town of Camp Verde's goal is to establish and maintain an environment of fairness, ethics and honesty for our employees, our citizens, our suppliers and anyone else with whom we have a relationship. To maintain such an environment requires the active assistance of every employee and manager every day.
- D. The Town of Camp Verde is committed to the deterrence, detection and correction of misconduct and dishonesty. The discovery, reporting and documentation of such acts provides a sound foundation for the protection of innocent parties, the taking of disciplinary action against offenders up to and including dismissal where appropriate, the referral to law enforcement agencies when warranted by the facts, and the recovery of assets.
- E. Definitions - As used in this policy, the terms listed below shall have the following definitions:
 - 1. Assets – the entire property of the Town of Camp Verde. Assets include, but are not limited to, all Town vehicles, building properties, office equipment, software, cash receivables, wages and benefits, equipment, and tools.
 - 2. Corruption – the offering, giving, soliciting or accepting of an inducement or reward that may improperly influence the action of a person or entity.
 - 3. Embezzlement – any loss resulting from the misappropriation of the Town of Camp Verde's assets.
 - 4. Employee(s) – all Town of Camp Verde employees, independent contractors, consultants, temporary workers, and volunteers.

5. Fraud – the intentional deception, misappropriation of resources, or the manipulation of data to the advantage or disadvantage of a person or entity.
6. Loss – the Town of Camp Verde losing possession or control of any type of asset through fraudulent activities.
7. Misappropriate – to take or make use of any item without authority or right.
8. Misapplication – illegal or improper use of lawfully held funds or property.

F. Zero Tolerance Policy - The Town of Camp Verde has adopted a zero tolerance policy regarding fraud. No employee of the Town shall remove any Town of Camp Verde asset from the property, misuse any Town asset for one's personal gain, or willfully misappropriate any Town of Camp Verde asset. Any evidence supporting fraud, theft, or embezzlement of the Town of Camp Verde's assets and equipment may be subject to the following actions including, but not limited to: suspension, termination, restitution, and criminal charges. Any Town of Camp Verde employee who is aware of fraud being committed against the Town of Camp Verde by anyone shall report such activity to the Town Manager or the Ethics Hotline (aka Whistle-Blower Hotline).

G. Prohibited Acts

1. Fraud is defined as an intentional deception, misappropriation of resources, or the manipulation of data to the advantage or disadvantage of a person or entity. Some examples of fraud include:
 - a. Falsification of expenses and invoices.
 - b. Authorizing or receiving compensation for goods not received or services not performed.
 - c. Theft of cash or any assets.
 - d. Forgery, unauthorized alteration or falsification of records.
 - e. Improprieties in the handling or reporting of money transactions.
 - f. Knowingly providing false information on job applications.
 - g. Authorizing or receiving compensation for hours not worked.
 - h. Embezzlement, bribery or conspiracy.
 - i. Misappropriation, misapplication, destruction, removal, or concealment of Town of Camp Verde property.
 - j. Misrepresentation of fact.
 - k. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of Town-owned software.
 - l. Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.

H. Deterring Fraud and Corruption

1. The Town has established internal controls and policies and procedures in an effort to deter, prevent, and detect fraud and corruption. All new full time employees are subject to background investigations including a criminal background check(s). All temporary, part-time, and seasonal employees may be subject to a criminal background check based on position and possible duration or employment. The Town may also verify all applicants' employment history, education and personal references prior to making an offer of employment.
2. All vendors, contractors, and suppliers shall be in good standing and be authorized to transact business in the Town of Camp Verde. Vendors, contractors, and suppliers may be subject to screening, including verification of the individual or company's status as a debarred party.
3. When necessary, contractual agreements with the Town may contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption.
4. New employees will receive this policy as part of their training at orientation. Employees will be required to sign an acknowledgement verifying that they received a copy of the fraud policy and attended the awareness training.

5. Each department is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

I. Reporting of Fraud or Corruption

1. Allegations and concerns about fraudulent or corrupt activity may come from various sources including employees, vendors, members of the public, results of internal and external audit reviews, or from any other interested parties.
2. All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor, or any other party with any association with the Town. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.
3. Employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the Town nor any person acting on behalf of the Town shall:
 - a. Dismiss or threaten to dismiss the employee,
 - b. Discipline, suspend, or threaten to discipline or suspend the employee,
 - c. Impose any penalty upon the employee, or
 - d. Intimidate or coerce the employee.Violations of the whistle-blower protection will result in discipline up to and including termination.
4. Concerns should be reported to any of the following:
 - a. Town Manager
 - b. Town Council
 - c. Human Resources Director
 - d. The employee's immediate supervisor
 - e. Anonymous Ethics Hotline (aka Whistle-Blower Hotline)

5. Reporting Procedures

a. Mayor and Town Council Responsibilities

- 1) If the Mayor or a Town Council Member has reason to suspect that a fraud has occurred, he or she shall immediately contact the Town Manager (or contact the Town Attorney or Human Resources Director if the Town Manager is involved).
- 2) The Mayor or Town Council Member shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the Town Manager (or Town Attorney or Human Resources Director if the Town Manager is involved).
- 3) The alleged fraud or audit investigation shall not be discussed with the media by any person other than through the Town Manager in consultation with the Town Attorney and the Human Resources Director.

b. Management Responsibilities

- 1) Management is responsible for being alert to, and reporting, fraudulent or related dishonest activities in their areas of responsibility.
- 2) Each manager should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activity, misappropriation, or dishonest activity is, or was, in existence in his or her area.
- 3) When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
- 4) If management determines a suspected activity may involve fraud or related dishonest activity, they shall contact their immediate supervisor (or contact the Town Manager or Human Resources Director if the supervisor is involved).
- 5) Department Heads shall inform the Town Manager (or contact the Town Attorney or Human Resources Director if the Town Manager is involved).

- 6) Management should not attempt to conduct individual investigations, interviews, or interrogations. However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.
 - 7) Management should support the Town's responsibilities and cooperate fully with the Human Resources Department, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
 - 8) Management shall give full and unrestricted access to all necessary records and personnel. All Town furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.
 - 9) In dealing with suspected dishonest or fraudulent activities, great care shall be taken. Therefore, management should avoid the following:
 - a) Incorrect accusations.
 - b) Alerting suspected individuals that an investigation is underway.
 - c) Treating employees unfairly.
 - d) Making statements that could lead to claims of false accusations or other offenses.
 - 10) In handling dishonest or fraudulent activities, management has the responsibility to:
 - a) Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did", "the crime", "the fraud", "the misappropriation", etc.
 - b) Avoid discussing the case, facts, suspicions, or allegations with anyone outside the Town, unless specifically directed to do so by the Town Attorney.
 - c) Avoid discussing the case with anyone inside the Town other than employees who have a need to know such as the Town Manager, Human Resources Director, Town Attorney, or law enforcement personnel.
 - d) Direct all inquiries from the suspected individual, or his or her representative, to the Town Manager or Town Attorney. All inquiries by an attorney of the suspected individual should be directed to the Town Attorney. All inquiries from the media should be directed to the Town Manager.
 - e) Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the Human Resources Director, in conformance with the Town's Personnel Policies and Procedures or the appropriate bargaining document.
- c. Employee Responsibilities
- 1) A suspected fraudulent incident or practice observed by, or made known to, an employee shall be reported to the employee's supervisor for reporting to the proper management official.
 - 2) When the employee believes the supervisor may be involved in the inappropriate activity, the employee shall make the report directly to the next higher level of management and/or the Town Manager (or contact the Town Attorney or Human Resources Director if the next higher level of management and/or the Town Manager is involved).
 - 3) The reporting employees shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the Town Manager, Human Resources Director, Town Attorney, or law enforcement personnel.
- d. Human Resources Department Responsibilities
- 1) Upon assignment by the Town Manager, the Human Resources Director shall promptly investigate the fraud.
 - 2) In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Human Resources Director, in consultation with the Town Attorney, shall contact the Marshal's Department.
 - 3) The Human Resources Director shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.
 - 4) If evidence is uncovered showing possible dishonest or fraudulent activities, the Human Resources Director shall proceed as follows:
 - a) Discuss the findings with the appropriate management/supervisor and the department director.

- b) Advise management, if the case involves staff members, to meet with the Human Resources Director (or his/her designated representative) to determine if disciplinary actions should be taken. Any disciplinary action taken will be in accordance with the Town Personnel Rules and any applicable Memorandums of Understanding.
 - c) Report to the External Auditor such activities in order to assess the effort of the illegal activity on the Town's financial statements.
 - d) Coordinate with the Town's risk insurer regarding notifications to insurers and filing of insurance claims.
 - e) Take immediate action, in consultation with the Town Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:
 - i. Removing the records and placing them in a secure location, or limiting access to the location where the records currently exist.
 - ii. Preventing the individual suspected of committing the fraud from having access to the records.
- 5) In consultation with the Town Attorney and the Marshal's Department, the Human Resources Department may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.
- 6) If the Human Resources Department is contacted by the media regarding an alleged fraud or audit investigation, the Human Resources Department will consult with the Town Manager and the Town Attorney, as appropriate, before responding to a media request for information or interview.
- 7) At the conclusion of the investigation, the Human Resources Department will document the results in a confidential memorandum report to the Town Manager and the Town Attorney. If the report concludes that the allegations are founded, the report will be forwarded to the Marshal's Department for subsequent transfer to the County Attorney for disposition.
- 8) Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusion of the audit. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Human Resources Department no later than seven calendar days after notice is received.
- 9) The Human Resources Department will be required to make recommendations to the appropriate department for assistance in the prevention of future similar occurrences.
- 10) Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Human Resources Department to that department.
- 6. False Allegations
 - a. False allegations of suspected fraud with the intent to disrupt or cause harm to another may be subject to disciplinary action up to and including termination of employment.
- 7. Corrective Action and Discipline
 - a. Final determination regarding action against an employee, vendor, recipient or other person found to have committed fraud or corruption will be made by the Town Manager (or Town Council if the Town Manager is involved).
 - b. Offenders at all levels of the Town will be treated equally regardless of their position or years of service with the Town. Determinations will be made based on a finding of facts in each case, actual or potential damage to the Town, cooperation by the offender and legal requirements.
 - c. Appropriate and timely action will be taken against those proven to have committed fraudulent acts. These remedial actions may include, but are not limited to:
 - 1) Disciplinary action (up to and including immediate termination of employment).
 - 2) Restitution for all losses, including investigation and legal expenses, to the fullest extent of the law.
 - 3) Forwarding information to the appropriate authorities for criminal prosecution.
 - 4) Institution of civil action to recover losses.

- 5) Where the Town of Camp Verde elects to take corrective or disciplinary action, it will proceed under the procedures in place under policy or under any collective bargaining agreement for the respective employment classification.
 - 6) The Town of Camp Verde may take corrective or disciplinary action without awaiting the resolution of criminal or civil proceedings arising from fraudulent conduct.
8. Confidentiality
- a. All investigations will be conducted in confidence insofar as reasonably possible. The names or names of those communicating information about a fraudulent act or the name or names of those suspected of a fraudulent act will only be revealed when required by law in conjunction with the investigation or legal action.
9. Questions or Clarifications Related To This Policy
- a. All questions or other clarifications of this policy and its related responsibilities should be addressed to the Town Manager, who shall be responsible for the administration, revision, interpretation, and application of this policy.

CELL PHONE POLICY

PURPOSE: The purpose of this policy is to provide guidance and procedures governing the use of Town owned cellular telephones. This administrative guideline will also help ensure consistency among Town departments using cellular phones.

I. POLICIES

- A. The Town of Camp Verde issues cellular phones to officials and employees who work in areas or on assignments where standard telephones or other forms of electronic communications equipment are not readily available and where such use will benefit the Town and its citizens.
- B. Cellular phones are intended for special applications such as safety purposes or to assist in the completion of an assigned task or official responsibility. They are not intended for personal convenience.

II. UNAUTHORIZED USES OF A TOWN OWNED CELLULAR TELEPHONE

- A. Any call which could suitably be made from a standard Town telephone or other electronic communications.
- B. Any call made in relation to an official's or employee's personal affairs or personal business enterprise.
- C. Any call for the purpose of entertainment, such as 900 numbers, movie links, etc.
- D. Any usage while driving or operating machinery.

III. PROCEDURES

- A. All requests for cellular telephones require completion of Request for Cellular Telephone Form, approved in advance by the department head and the Town Manager, and then forwarded to the Finance Department.
- B. The user of the cellular telephone shall be required to complete the Cellular Telephone User Agreement prior to being issued a cellular telephone.
- C. The Finance Department shall maintain a listing of all Town issued cell phones.
- D. All cellular telephone bills shall be sent to the Finance Department and not to a home or business address.

IV. POLICY VIOLATIONS

- A. Failure to follow this policy may result in loss of cellular phone privileges and, for employees may result in disciplinary action, including termination of employment.

V. TERMINATED EMPLOYEES

- A. Any employee issued a Town owned cellular telephone shall return it no later than the last day of employment. The employee shall be required to sign the Request for Cellular Telephone Form to indicate the phone was returned.
- B. Any employee not returning Town owned cellular telephone as of their last day of employment shall be billed for the cost of the phone and any minutes used subsequent to termination.

UNIFORM ALLOWANCE POLICY

PURPOSE: The purpose of this policy is to provide guidance and procedures governing uniform related purchases.

I. POLICIES

- A. The Town has determined that there are certain employee positions and Departments that would benefit from Town provided uniforms or may be required to wear a uniform adhering to specific guidelines.
- B. Required uniforms for Marshal's Office employees shall be covered by the Marshal's Office Uniform policy.
- C. Uniforms provided specifically for identification of Town employees shall be of de minimis value and purchased through the Department's operational budget. Uniforms of this type need to document the benefit provided to the Town for the provided uniform.
- D. A uniform allowance for safety-related issues shall be made in Departments and Divisions where the normal course of business may put the employee in situations where normal clothing would be inappropriate or cost prohibitive.
- E. The uniform allowance limits will be set annually during the budget process.

II. PROCEDURES

- A. Employees who are approved for a boot allowance may purchase the approved footwear themselves and submit the detailed receipt for reimbursement. Purchases for an employee boot allowance may be made with Town funds directly, however, any amount over the maximum allowance listed above shall be paid for by the employee or reimbursed to the Town within 14 days.
- B. The Animal Control Officer uniform allowance shall be paid in July or August of each fiscal year through the normal payroll process.