

AGENDA



CITY OF HOPEWELL

Hopewell, Virginia 23860

AGENDA

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CITY COUNCIL
John B. Partin, Jr., Mayor, Ward #3
Jasmine E. Gore, Vice Mayor, Ward #4
Rita Joyner, Councilor, Ward #1
Michael B. Harris, Councilor, Ward #2
Janice B. Denton, Councilor, Ward #5
Brenda S. Pelham, Councilor, Ward #6
Dominic R. Holloway, Sr., Councilor, Ward #7

Dr. Concetta Manker, City Manager
Beverly Burton, Interim City Attorney
Brittani Williams, City Clerk

July 16, 2024

SPECIAL MEETING

Open Meeting- 6:30 PM

6:30 p.m.

Call to order, roll call, and welcome to visitors

SPECIAL MEETING

Regular Business

R-1 – Finance Committee Report - CFO – Russell Branson, Interim Finance Director

R-2 – Treasurer’s Report – Shannon Foskey, City Treasurer

R-3 – Commission of Revenue Report – Debbie Reason, Commissioner of Revenue

BOARD/COMMISSION VACANCIES

Architectural Review Board – 3 Vacancies

Downtown Design Review – 2 Vacancies

Board of Building Code and Fire Prevention Code Appeals – 5 Vacancies

Keep Hopewell Beautiful – 1 Vacancy

Recreation and Parks – 4 Vacancies

Library Board – 1 Vacancies

DSS – 7 Vacancies

District 19 – 2 Vacancies

Board of Zoning Appeals – 2 Vacancies

Adjournment

REGULAR BUSINESS

R-1

City of Hopewell Finance Committee

June 16, 2024

Agenda

1. Minutes from Last Meeting
2. Monthly Financials
 - Citywide
 - General Fund
 - Enterprise Funds
 - Schools
3. Draft Financial Policies
4. Reports from COR and Treasurer
5. Items for August Finance Committee
6. Old Business

July Committee-of-the-Whole Agenda

Discussion Item

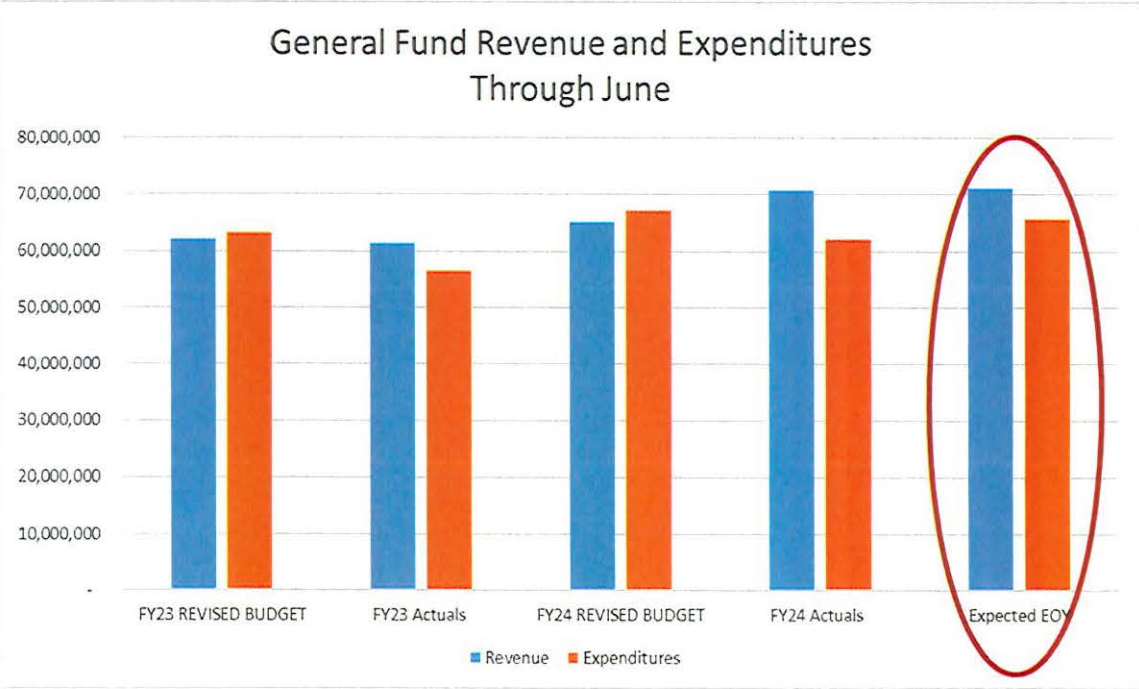
- **Meeting structure** – Who runs - Asking questions - Public input - Rules of decorum
- **June Financials**
- **Reports from COR and Treasurer**
- **Update on audits and end-of-year close**
- **Draft Financial Polices**
- **Items for August committee meeting**

Monthly Reports

General Fund Financials -- Through June

- General Fund net revenue is expected to be positive at the end of the fiscal year
- Year is still not closed
- Projects such as Winston Churchill Drive will need to use FY24 EOY balances to fund

* General Fund excludes other Governmental Funds such as Parks and Recreation



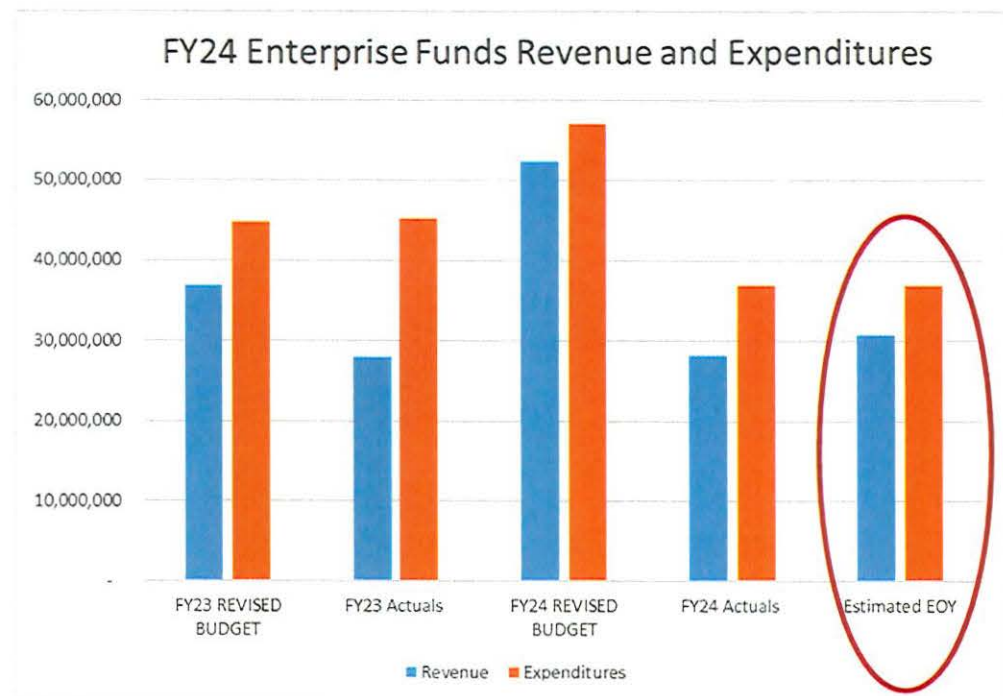
CITY OF HOPEWELL
FY2023 - FY2024 BUDGET VS ACTUALS

GENERAL FUND (Unaudited)

REVENUES	FY23 REVISED			FY24 REVISED			FY24 %
	BUDGET	FY23 Actuals	FY23 % Rec'd	BUDGET	FY24 Actuals	Expected EOY	Rec'd
REAL ESTATE TAXES	16,048,566	18,223,882	113.6%	20,979,167	20,426,632	20,426,632	97.4%
PUBLIC SERVICE CORP TAX	4,201,137	3,527,866	84.0%	4,100,000	5,835,234	5,835,234	142.3%
PERSONAL PROPERTY TAX	5,872,900	6,323,780	107.7%	5,636,800	4,977,634	4,977,634	88.3%
MACH & TOOL TAX	8,984,874	8,470,555	94.3%	8,783,500	11,185,503	11,185,503	127.3%
PPTRA STATE REIMBURSEMENT	1,618,030	1,618,030	100.0%	1,618,030	3,016,746	3,016,746	186.4%
OTHER TAXES	6,505,000	7,227,318	111.1%	6,560,000	6,831,572	6,831,572	104.1%
USE OF MONEY & PROPERTY	65,000	98,007	150.8%	65,000	78,608	78,608	120.9%
CHARGES FOR SERVICES	648,381	766,601	118.2%	723,752	1,075,281	1,075,281	148.6%
PENALTIES & INTEREST	460,500	592,286	128.6%	487,500	1,060,989	1,060,989	217.6%
PERMITS, FEES AND LICENSES	326,300	475,658	145.8%	285,600	555,792	555,792	194.6%
FINES & FORFEITURES	860,500	977,277	113.6%	860,500	1,219,929	1,219,929	141.8%
GRANTS	219,302	224,051	102.2%	85,932	81,562	81,562	94.9%
STATE REVENUES	7,522,479	8,141,426	108.2%	8,294,190	9,088,469	9,388,469	109.6%
FEDERAL REVENUES	(175,514)	1,825,363	-1040.0%	1,971,651	2,465,268	2,465,268	125.0%
MISCELLANEOUS REVENUE	6,756,878	579,433	8.6%	2,436,219	630,771	630,771	25.9%
IN LIEU OF TAXES	1,257,500	1,257,500	100.0%	1,257,500	1,257,500	1,257,500	100.0%
TRANSFERS IN	1,009,000	1,009,000	100.0%	1,009,000	1,009,000	1,009,000	100.0%
TOTAL REVENUES	62,180,833	61,338,032	98.64%	65,154,341	70,796,488	71,096,488	108.66%
EXPENDITURES	FY23 REVISED			FY24 REVISED			FY24 %
	BUDGET	FY23 Actuals	FY23 % Used	BUDGET	FY24 Actuals	Expected EOY	Used
SALARIES & WAGES	17,005,575	16,821,663	98.9%	18,544,389	17,990,128	17,990,128	97.0%
HEALTH BENEFITS	3,471,642	3,206,011	92.3%	3,594,284	3,143,158	3,143,158	87.4%
EMPLOYEE BENEFITS	207,765	161,772	77.9%	286,390	204,453	204,453	71.4%
RETIREMENT	2,447,124	2,189,006	89.5%	2,785,841	2,447,406	2,447,406	87.9%
OTHER PERSONNEL	1,463,317	1,409,635	96.3%	1,614,931	1,513,372	1,513,372	93.7%
PROFESSIONAL SERVICES	6,122,727	3,791,036	61.9%	7,444,883	5,793,429	5,793,429	77.8%
WORKERS COMPENSATION	436,567	419,417	96.1%	429,097	433,594	433,594	101.0%
SERVICE & SUPPLIES	4,642,321	4,075,130	87.8%	6,362,600	4,963,095	4,963,095	78.0%
OUTSIDE AGENCIES	4,674,248	4,538,008	97.1%	5,393,930	5,174,048	5,174,048	95.9%
NON-DEPARTMENTAL	832	832	100.0%	832	832	832	100.0%
OTHER	2,595,776	73,624	2.8%	213,423	62,760	62,760	29.4%
CAPITAL	769,466	673,141	87.5%	744,418	613,364	4,363,364	82.4%
SUPPORT OF SCHOOLS	13,580,075	13,580,075	100.0%	13,580,000	13,580,000	13,580,000	100.0%
TRANSFERS OUT	5,840,894	5,530,893	94.7%	6,108,345	6,108,345	6,108,345	100.0%
TOTAL EXPENDITURES	63,258,329	56,470,243	89.3%	67,103,363	62,027,983	65,777,983	92.4%
NET INCOME	(1,077,496)	4,867,788	9.38%	(1,949,022)	8,768,505	5,318,505	16.22%

Enterprise Financials -- Through June

- Enterprise Funds include: *Regional Water, Sewer, Solid Waste, and Storm Water*
- Un-budgeted expenses in HWR spiked costs this year— True-ups will reduce this difference
- Low sewer rates and poor Data Integrators collections will erode Sewer fund balances



CITY OF HOPEWELL
FY2023 - FY2024 BUDGET VS ACTUALS

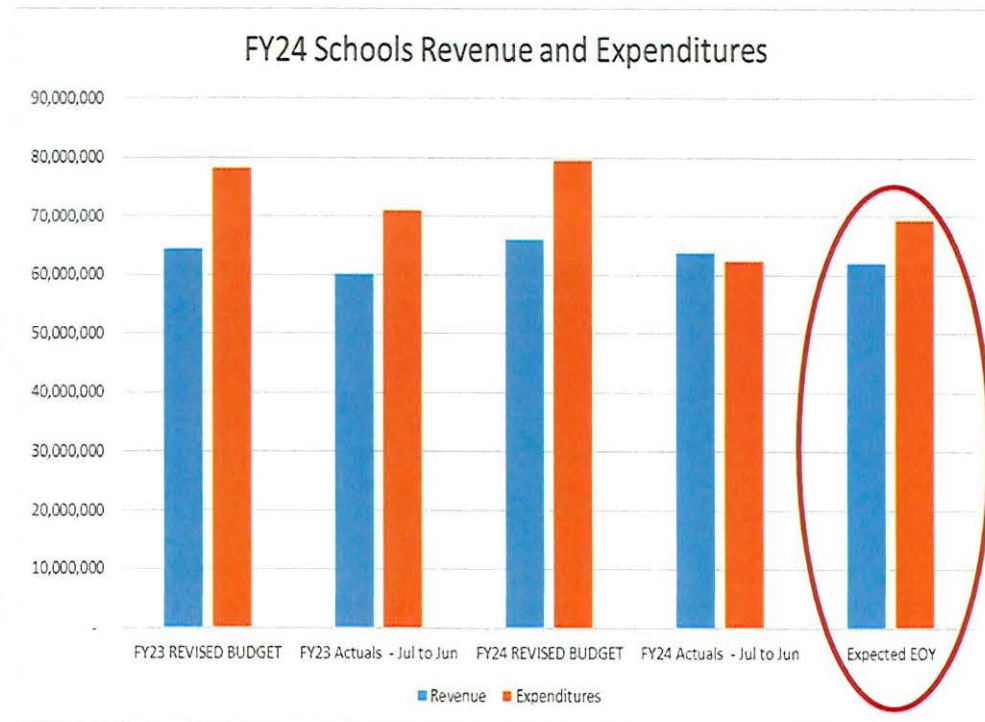
ENTERPRISE FUNDS (Unaudited)

REVENUES	FY23 REVISED			FY24 REVISED			
	BUDGET	FY23 Actuals	FY23 % Rec'd	BUDGET	FY24 Actuals	Estimated EOY	FY24 % Rec'd
USE OF MONEY & PROPERTY	235,000	517,819	220.3%	235,000	657,155	657,155	279.6%
CHARGES FOR SERVICES	26,864,705	25,910,566	96.4%	34,182,403	26,056,825	28,425,627	76.2%
MISCELLANEOUS REVENUE	6,533,708	33,554	0.5%	16,405,933	213,980	233,433	1.3%
IN LIEU OF TAXES	334,011	334,011	100.0%	334,011	306,177	334,011	91.7%
DEBT SERVICE	1,139,596	1,139,497	100.0%	1,120,526	1,027,149	1,120,526	91.7%
NITROGEN CONTROL	1,800,000	-	0.0%	-	-	-	---
TOTAL REVENUES	36,907,020	27,935,446	75.69%	52,277,873	28,261,286	30,770,752	54.06%
EXPENDITURES	FY23 REVISED			FY24 REVISED			
	BUDGET	FY23 Actuals	FY23 % Used	BUDGET	FY24 Actuals	Estimated EOY	FY24 % Used
SALARIES & WAGES	4,452,074	4,130,742	92.8%	4,716,662	3,938,425	3,938,425	83.5%
HEALTH BENEFITS	654,215	581,831	88.9%	640,213	562,297	562,297	87.8%
EMPLOYEE BENEFITS	74,730	39,900	53.4%	72,182	38,306	38,306	53.1%
RETIREMENT	604,737	520,438	86.1%	624,982	515,639	515,639	82.5%
OTHER PERSONNEL	352,561	359,195	101.9%	353,036	328,550	328,550	93.1%
PROFESSIONAL SERVICES	7,723,678	8,361,531	108.3%	9,560,807	8,043,939	8,043,939	84.1%
WORKERS COMPENSATION	57,150	52,697	92.2%	50,674	51,536	51,536	101.7%
SERVICE & SUPPLIES	13,378,874	18,145,899	135.6%	21,646,156	15,514,963	15,514,963	71.7%
OUTSIDE AGENCIES	4,000	11,293	282.3%	7,500	5,468	5,468	72.9%
NON-DEPARTMENTAL	1,257,500	1,257,500	100.0%	1,257,500	1,257,500	1,257,500	100.0%
OTHER	65,708	51,698	78.7%	64,715	37,386	37,386	57.8%
CAPITAL	13,451,153	9,279,658	69.0%	15,550,228	4,068,224	4,068,224	26.2%
DEBT	2,588,815	2,461,999	95.1%	2,588,642	2,588,004	2,588,004	100.0%
TOTAL EXPENDITURES	44,665,195	45,254,382	101.3%	57,133,297	36,950,239	36,950,239	64.7%
NET INCOME	(7,758,175)	(17,318,936)	-25.63%	(4,855,424)	(8,688,953)	(6,179,487)	-10.61%

Schools Financials -- Through June

- Expenses estimated through May, EOY through June
- Schools added \$6.5M in revenue and expenses in spring of FY24 – much of that will be carried over and spent in FY25
- City contribution expected to not exceed budgeted amount

[Charts exclude City \$13.5M contribution]



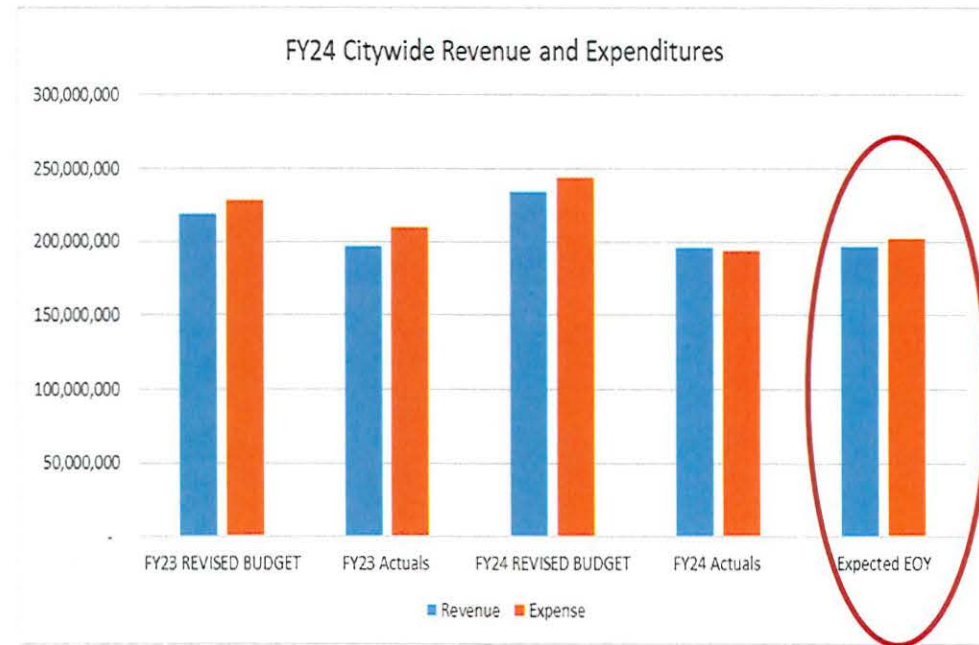
CITY OF HOPEWELL
FY2023 - FY2024 BUDGET VS ACTUALS

SCHOOLS (Unadudited)

	FY23 REVISED	FY23 Actuals - Jul	FY23 %	FY24 REVISED	FY24 Actuals -		
REVENUES	BUDGET	to Jun	Rec'd	BUDGET	Jul to Jun	Expected EOY	FY24 % Rec'd
CHARGES FOR SERVICES	3,326,779	562,877	16.9%	5,981,149	1,001,487	1,001,487	16.7%
STATE REVENUES	42,169,854	57,658,162	136.7%	45,096,427	45,993,992	45,993,992	102.0%
FEDERAL REVENUES	19,072,193	1,938,046	10.2%	15,026,668	16,787,961	15,026,668	111.7%
TOTAL REVENUES	64,568,826	60,159,085	93.17%	66,104,244	63,783,440	62,022,147	96.49%
	FY23 REVISED	FY23 Actuals - Jul	FY23 %	FY24 REVISED	FY24 Actuals -		
EXPENDITURES	BUDGET	to Jun	Used	BUDGET	Jul to Jun	Expected EOY	FY24 % Used
SERVICE & SUPPLIES	2,670,408	-	0.0%	3,550,807	-	-	0.0%
OTHER	75,431,313	71,053,722	94.2%	76,086,257	62,414,487	69,414,487	82.0%
CAPITAL	47,180	-	0.0%	47,180	-	-	0.0%
TOTAL EXPENDITURES	78,148,901	71,053,722	90.9%	79,684,244	62,414,487	69,414,487	78.3%
NET INCOME	(13,580,075)	(10,894,637)	2.25%	(13,580,000)	1,368,953	(7,392,340)	18.16%

Citywide Financials -- Through May

- Citywide, the financials show \$5.6M more expenses than revenue for the EOY
- Negative net revenue tied back to Enterprise Funds



CITY OF HOPEWELL
FY2023 - FY2024 BUDGET VS ACTUALS

CITY-WIDE (Unaudited)

REVENUES	FY23 REVISED BUDGET	FY23 Actuals	FY23 % Rec'd	FY24 REVISED BUDGET	FY24 Actuals	Expected EOY	FY24 % Rec'd
REAL ESTATE TAXES	16,048,566	18,223,882	113.6%	20,979,167	20,426,632	20,426,632	97.4%
PUBLIC SERVICE CORP TAX	4,201,137	3,527,866	84.0%	4,100,000	5,835,234	5,835,234	142.3%
PERSONAL PROPERTY TAX	5,872,900	6,323,780	107.7%	5,636,800	4,977,634	4,977,634	88.3%
MACH & TOOL TAX	8,984,874	8,470,555	94.3%	8,783,500	11,185,503	11,185,503	127.3%
PPTRA STATE REIMBURSEMENT	1,618,030	1,618,030	100.0%	1,618,030	3,016,746	3,016,746	186.4%
OTHER TAXES	9,855,000	11,518,551	116.9%	10,110,000	10,702,389	10,702,389	105.9%
USE OF MONEY & PROPERTY CHARGES FOR SERVICES	541,500	875,162	161.6%	340,000	953,690	953,690	280.5%
PENALTIES & INTEREST	31,066,665	27,859,235	89.7%	41,143,920	29,189,347	29,189,347	70.9%
PERMITS, FEES AND LICENSES	465,500	595,415	127.9%	488,500	1,067,682	1,067,682	218.6%
FINES & FORFEITURES	326,300	475,658	145.8%	285,600	555,867	555,867	194.6%
GRANTS	882,143	999,070	113.3%	860,500	1,273,795	1,273,795	148.0%
STATE REVENUES	330,802	337,636	102.1%	250,432	534,821	534,821	213.6%
FEDERAL REVENUES	56,132,043	74,224,044	132.2%	60,576,377	60,814,781	61,434,781	100.4%
MISCELLANEOUS REVENUE	27,893,521	9,532,776	34.2%	21,943,111	21,042,783	21,042,783	95.9%
IN LIEU OF TAXES	21,461,733	779,034	3.6%	24,151,869	1,010,835	1,010,835	4.2%
DEBT SERVICE	1,591,511	1,591,511	100.0%	1,591,511	1,563,677	1,563,677	98.3%
NITROGEN CONTROL	1,139,596	1,139,497	100.0%	1,120,526	1,027,149	1,027,149	91.7%
TRANSFERS IN	1,800,000	-	0.0%	-	-	-	---
TRANSFERS IN	28,699,749	28,389,749	98.9%	29,933,944	20,697,345	20,697,345	69.1%
TOTAL REVENUES	218,911,570	196,481,450	89.75%	233,913,787	195,875,908	196,495,908	83.74%
EXPENDITURES	FY23 REVISED BUDGET	FY23 Actuals	FY23 % Used	FY24 REVISED BUDGET	FY24 Actuals	Expected EOY	FY24 % Used
SALARIES & WAGES	25,791,255	24,895,337	96.5%	28,020,032	26,284,194	27,299,720	93.8%
HEALTH BENEFITS	4,921,082	4,463,369	90.7%	5,000,420	4,404,109	4,574,267	88.1%
EMPLOYEE BENEFITS	321,928	226,641	70.4%	420,164	273,582	284,152	65.1%
RETIREMENT	3,655,792	3,262,015	89.2%	4,087,324	3,583,323	3,721,769	87.7%
OTHER PERSONNEL	2,178,502	2,105,449	96.6%	2,375,338	2,204,535	2,204,535	92.8%
PROFESSIONAL SERVICES	14,741,091	12,969,679	88.0%	17,457,662	14,238,676	14,238,676	81.6%
WORKERS COMPENSATION	529,766	510,515	96.4%	509,180	504,969	504,969	99.2%
SERVICE & SUPPLIES	34,959,849	32,980,824	94.3%	44,483,206	29,817,139	29,817,139	67.0%
OUTSIDE AGENCIES	5,368,696	4,751,840	88.5%	6,032,198	5,410,649	5,410,649	89.7%
NON-DEPARTMENTAL	1,257,500	1,257,500	100.0%	1,258,332	1,258,332	1,258,332	100.0%
OTHER	78,265,580	71,233,489	91.0%	76,514,769	62,577,313	69,577,313	81.8%
CAPITAL	20,938,101	17,378,788	83.0%	21,211,155	16,088,814	16,088,814	75.9%
DEBT	7,425,414	6,442,782	86.8%	7,428,083	7,428,083	7,428,083	100.0%
SUPPORT OF SCHOOLS	13,580,075	13,580,075	100.0%	13,580,000	13,580,000	13,580,000	100.0%
TRANSFERS OUT	14,110,674	13,800,674	97.8%	15,344,944	6,108,345	6,108,345	39.8%
TOTAL EXPENDITURES	228,045,305	209,858,975	92.03%	243,722,807	193,762,064	202,096,765	79.50%
NET INCOME	(9,133,735)	(13,377,526)	-2.27%	(9,809,020)	2,113,844	(5,600,857)	4.24%

Draft Financial Policies

Separate PowerPoint Slide Deck

Policy Objectives

- Contribute significantly to the City's ability to insulate itself from fiscal crisis
- Enhance short-term and long-term financial credit of the City
- Promote long-term financial stability
- Direct attention to the total financial picture of the City
- Link long-term financial planning with day-to-day operations
- Provide a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines
- Ensure sufficient resources to perform mandated responsibilities

Budget Policy | Selected Highlights

- No expense can exceed the Council-set appropriations limit
- Major policy issues will be identified early in the budget process
- Current revenues will fund current expenditures – no one-time revenues to fund continuing operations
- City policy to aggressively seek collection of delinquent taxes and other fees and charges
- Proposed budget presented to Council by April 1st

Finance Committee | Selected Highlights

- Meets monthly to review the City's financial affairs
- Tracking of revenues and expenditures
- Reconciled cash position of all accounts (no longer than 2 months old)
- Compliance with Financial Policies
- Review strategic investment plan

Capital Improvements | Selected Highlights

- Develop a five-year Capital Improvement Plan (CIP)
 - City projects
 - Hopewell School projects
- First year of CIP will be funded project
- Future operating expenses tied to capital projects will be included budget forecasts
- CIP will include a maintenance and replacement schedule
- After meeting target reserves, City will budget minimum \$500,000 per year for pay-go capital projects

Debt | Selected Highlights

- Debt used when current revenues insufficient to fund project
- Direct net debt as a percent of Assessed Value will not exceed 5%
(State limit is 10%, actual now is less than 3%)
- Ratio of Net Debt Service to Total Governmental Fund Expenditures shall not exceed 10% *(currently at 4%)*

Reserves | Selected Highlights

- **Unassigned Fund Balance (General Fund only) of 20%**
 - Meets cyclical cash flow needs to avoid revenue anticipation notes
 - Allows funding for unforeseen loss of revenues or increase in expenditures
- **Budget Stabilization Fund of 5%**
 - Committed Fund Balance
 - Used for emergency expenditures or revenue declines after use of Unassigned Fund Balance
- **Replenishment of Fund Balances (Unassigned and Stabilization)**
 - Within 24 months of use
- **Debt Service/Capital Reserve of \$3 Million (minimum)**
 - Used to mitigate impact of new capital projects or debt on GF budget
 - Total needed evaluated on annual basis

Expenditures | Selected Highlights

- Manage total cash to limit borrowing for operational needs
- Fund capital with a balanced approach of debt
- Monthly financial reports will be presented to the City's Finance Committee
- Appropriation amendments must be approved by Council. Appropriations that exceed 1% of the total expenditures must be approved after a public hearing
- All expenditure appropriations lapse on June 30 of each fiscal year

Utilities | HRW, Sewer, Storm Water, Solid Waste

- HRW Policies
 - Budgeting – operations and capital
 - Annual true-ups and use of “Miscellaneous Revenue”
 - Facility maintenance program
- Other Utilities
 - Rate setting level and frequency
 - Sewer Rate Stabilization Reserve
 - System maintenance plan

Investments | Selected Highlights

- **Investment Objectives** – Safety, Liquidity, Return
- **Standard of Care** – Prudence, ethics, and conflicts of interest
- **Safekeeping/Delivery of Investments**
- **Authorized Investments**
- **Investment Approach/Maturity Restrictions** - Generally no longer than 5 years
- **Investment of Bond Proceeds**

Procurement | Policies & Procedures

- These policies and procedures govern the use of P-Cards by City employees
- Employees with P-Cards will be held accountable to following all of the P-Card procedures
- The primary City policy here is the use of P-Cards to streamline purchasing of smaller items

Financial Policy Updates

- Annual review and update by Council in January of each year

August Agenda

Agenda Items for August

[Stacey Jordan will be Finance Director – may have new items to bring]

- Follow-up on financial polices
- Update on past audits
- FY24 audit progress

Old Business

Old Business

- **HRW True-Up Analysis**: May come to Council on July 23rd, but could role until August
- **Cigarette Tax**: Commissioner of Revenue in process with ordinance implementation
- **Sewer Rate Study**: HWR developing RFP for new study

THE CITY OF HOPEWELL
FIFTH THIRD BANK
SMALL PURCHASE CHARGE
CARD (P-CARD)



DRAFT

POLICIES & PROCEDURES
MANUAL

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DEFINITIONS

Audit	Review of P-Card transactions by Purchasing, internal and external auditors for compliance with sound business practices and procedures.
MUNIS	The financial system used by MUNIS to record and audit financial transactions. MUNIS contains the permanent accounting records of the City of Hopewell (City of Hopewell).
Cardholder	City of Hopewell employee who has been issued a P-Card and is authorized to make purchases in accordance with P-Card policies and procedures.
Capital Equipment	Capital equipment is defined as equipment, computer systems, and furniture and/or fixtures generally costing more than \$5000; the item has a "useful life" normally greater than 1 – 2 years and does not get consumed like office supplies and instructional supplies. There are some items that cost less than \$5000 that also have a life beyond 1 -2 years, however, because of their low cost, they are treated like consumables (i.e., calculators).
Declining Balance Cards/Project Cards	Used for a fixed amount of spend over a specific duration of time.
Department Head	Approval authority which includes Director or Department Head.
Merchant Category Codes (MCC)	MCC's are four-digit codes assigned to a supplier by their merchant bank. The MCC identifies the type of business conducted by the supplier. YES we have MCC codes
Small Purchase Charge Card (P-Card)	A credit card issued to an employee in his/her name; the card has limitations of monthly credit limit and per purchase limit. Yes , there are monthly limits ranging from 700-5000 with the exception of the City Sherriff and Fire chief [10,000]
Program Administrator	Procurement Officer (also referenced as "P-Card Program Administrator").
Proxy	Person within the department designated to approve transactions in lieu of the Department Head.
Reconciler	Employee who reconciles the P-Card transactions in the online Fifth Third P-Card system. The reconciler may also be the cardholder, or the person designated to reconcile for cardholders within the department; reconcilers are not required to have a Fifth Third P-Card in order to reconcile transactions for others (historically referenced as "notifier")
Reconciliation	The act of assigning an account string AND indicating the business purpose on EACH transaction; reconciliation is performed on a monthly basis by the cardholder or reconciler for cardholder transactions.
Splitting Transactions	Making one purchase into two or more purchases to stay within single transaction limits IS NOT PERMITTED UNDER THE P-Card Program.
Statement	The monthly listing of transactions to and for individual cardholders (Issued by Fifth Third Bank, accessed in MUNIS).
Statement Period	Date of statement cut-off.
Summary Statement	The monthly listing of all Cardholder transactions to the Program Administrator (issued by Fifth Third Bank).
Transaction	The act of making a purchase with the P-Card.
Transaction Limits	Cardholders have individual single and monthly total purchase amounts as authorized Small purchase, Budget, or Administration Departments.
Fifth Third Bank	P-Card provider for the City of Hopewell

INTRODUCTION

WHAT IS A P-Card?

A P-Card (“P-Card”) is an acceptable alternate method to purchase and pay for goods and services for the City. Cardholders are authorized to deal directly with vendors for purchases of goods and services using a credit card. These purchases are only for official business on behalf of the City of Hopewell the “P-Card” is a credit card and must be handled with greater care and security than a personal credit card.

The City of Hopewell P-Card Program is designed to improve efficiency in acquiring and processing approved purchases from any vendor that accepts a P-Card. Many suppliers, currently being paid under a purchase order or blanket purchase order, will accept a P-Card.

The City of Hopewell issues P-Cards through Fifth Third Bank.

Each P-Card is issued to a specific Hopewell employee. The goal of the Program is to optimize and expand the use of P-Cards for greater operational efficiencies and cost savings. All Cardholders are encouraged to identify and use the card for all transactions that fall between the Small Purchases Threshold of Twenty-Five Hundred Dollars (\$2,500) to Five Thousand Dollars (\$5,000). This allows the City of Hopewell to fully realize the benefits and efficiencies of the Program.

PURPOSE

The purpose of the P-Card Policies and Procedures Manual is to establish policies and procedures to control and manage the use of the P-Cards assigned to and utilized by City of Hopewell employees. These policies and procedures are intended to accomplish the following:

- To provide a convenient method of making purchases of goods and services that fall at or below the Small Purchasing Threshold
- To enhance productivity and significantly reduce paperwork.
- To ensure that appropriate internal controls are established so that P-Cards are used only for authorized purposes.
- To ensure prompt payment to vendors.
- To ensure that the City of Hopewell bears no legal liability for the inappropriate use of P-Cards by City employees.
- To provide disciplinary action if the P-Card is misused.

Some advantages of the P-Card Program are the various ways that limits, and restrictions can be established by the City of Hopewell Cardholder. These features allow the City to tailor the Program to fit its needs and to extend purchasing responsibility to more individuals while maintaining and increasing accountability.

The policies and procedures provided herein are minimum standards for each Department. Departments may establish more stringent controls, if necessary, but must inform the Purchasing Manager of these additional controls.

BENEFITS

There are many benefits to using the P-Card for authorized purchases. Some of these may include:

1. Benefits to the City of Hopewell...

- Simplifies the purchasing process for the large number of low dollar purchases, freeing up time for

large dollar purchases.

- Identifies other vendor payments that could be made using the P-Card, thereby increasing the potential for additional cash rebates.
- Lowers the overall transaction processing cost per purchase.
- Accountability.
- Provides management information on spending and other analytics.

2. Cardholder Benefits:

- Convenience of purchasing without a purchase order for purchases at or below the Small Purchasing Threshold.
- Expedites the delivery and receipt of goods or services.
- Expands the list of vendors from whom purchases can be made.

3. Vendor Benefits:

- Expedites payment to the vendor.
- Reduces paperwork.
- Lowers risk of nonpayment.

HOW IT WORKS

The P-Card Program simplifies the small purchase and payment process. Small purchase responsibility is delegated to the Department, enabling a Cardholder to place an order directly with the vendor.

When a purchase authorization is requested by the vendor at the point of sale, the Fifth Third P-Card system validates the transaction against preset limits established by the City of Hopewell. All transactions are approved or declined based on the P-Card authorization criteria established. The authorization criteria may be adjusted periodically with written consent from the City Manager as needed and may include, but is not limited to, the following:

- Single purchase limit.
- Monthly spending limit.
- Approved Merchant Category Codes.
- Temporary spending limit.

The authorization process occurs through the electronic system that supports the P-Card processing services under the City of Hopewell's agreement with Fifth Third Bank.

ETHICS

Cardholders are entrusted with safeguarding and promoting the City of Hopewell Mission through ethical and principled leadership and action. As agents of the City of Hopewell cardholders must consider the P-Card objectives and follow the policies when making purchase decisions. All purchases should be made in the best interest of the City of Hopewell

The card is NOT for personal use! The only person authorized to utilize the card is the person whose name appears on the card itself: because each P-Card is linked to an individual employee, the card cannot be transferred from one employee to another.

If an individual becomes aware of a suspected violation of P-Card Policies and Procedures, he/she should promptly report it to the Department Head for further attention.

CONFLICT OF INTEREST

All individuals associated with the City of Hopewell are required to act in the best interests of the City of Hopewell and to avoid any situation where individuals may receive any improper personal benefit as a result of a conflict of interest in their employment or official role at the City of Hopewell. All employees of City of Hopewell owe a fiduciary duty to the City of Hopewell to act in good faith, with ordinary care, and in the best interests of the City of Hopewell.

The City of Hopewell requires its employees to disclose business or financial relationships, transactions or events that may be viewed, legally or perceptually, as conflicts of interest. The business relationships of the City of Hopewell's contractors, consultants, vendors, suppliers and other third parties are to be maintained without direct or indirect personal or financial benefit accruing to any employee of City of Hopewell, or any member of the employee's family, in accordance with The City of Hopewell Policies and Procedures.

Circumstances which may constitute a conflict of interest include, but are not limited to:

- Holding, either directly or indirectly, a position of financial interest in an outside concern which provides services competitive with services rendered by the City of Hopewell, or an outside concern from which the City of Hopewell secures goods or services, if the employee is involved in, or may influence the ordering of such goods or services.
- Competing, either directly or indirectly, with the City of Hopewell in the purchase or sale of property or property rights, interests, or services.
- Disclosing or using non-public information obtained through the City of Hopewell employment for personal profit or gain, or for the profit or gain of an immediate family member.
- Accepting gratuities or special favors, such as meals or soccer tickets, etc. from any outside company that does, or is seeking to do, business with the City of Hopewell, or extending gratuities or special favors to employees of the City of Hopewell, under circumstances which might reasonably be interpreted as an attempt to influence the employees in the performance of their duties.
- Retaining, directly or indirectly, consultants who have financial interest or employment that conflicts with services provided by the City of Hopewell.

The City of Hopewell generally does not enter into contracts with staff or members of their immediate families. In those instances where a purchase is in the best interest of the City of Hopewell, documentation of the reasons for the decision need to be sent to the Finance Manager for review and City Manager for approval prior to the transaction or purchase with a staff, or members of immediate families.

Any existing or proposed relationship, transaction or other event which may raise a conflict of interest issue shall be promptly disclosed to the employee's supervisor, in writing, to determine its appropriateness and to receive specific approval to maintain or proceed with such relationship, transaction or event in accordance with the City of Hopewell policy.

CARD ISSUANCE and ACTIVATION

Employees requesting a P-Card will be asked to complete a Small Purchase Charge Card Request & User Agreement (located on page 20 and 21 of this manual) and submit the application to the Procurement Department. When the card is sent from Fifth Third Bank and received by the Procurement Department, the P-Card Administrator will email the cardholder to make arrangements to pick up their card. The card will have been activated by the P-Card Administrator and ready for use upon possession.

Although the card will be issued in your name, your personal credit history will not affect your ability to obtain a card, nor will your personal credit be affected in the event of fraud resulting from a lost or stolen Fifth Third Bank P-Card. The City of Hopewell is responsible for payment of purchases made under the Fifth Third P-Card Program.

REPLACEMENT OF EXPIRING CARDS

The process is automated by Fifth Third. The card is valid for the whole month it is expiring within. About two weeks into the month, cards nearing their expiration date are automatically mailed by FIFTH THIRD to the P-Card Administrator. Cardholders will be notified via email when their replacement card has arrived in the Procurement Department. It is the responsibility of the cardholder or designee to pick up their replacement P-Card prior to the current card's expiration date.

P-Cards will be picked up at the Procurement Department, located at City Hall, Third Floor, in the Finance Department Suite 321. A valid identification badge is required to pick-up a P-Card. When picking up the P-Card, the cardholder or designee must sign and date the P-Card checkout logbook.

ACCOUNT MAINTENANCE

If there is a need to change any information regarding your account (i.e., name or department change), please notify the Program Administrator at 804.541.2342, Ext. 194 for further instructions.

PURCHASE LIMITATIONS

Purchase limits are defined by the expected level of activity and responsibilities of cardholders within their departments.

Cardholder limits are established by the City of Hopewell and specified on the Cardholder Compliance Statement. Requests for cardholder limit increases (single or monthly) shall be made in writing by the Department Head to the Program Administrator and are for temporary purposes only. An agreed-upon date (not to exceed 30 days from date of increase) shall be established for the limit(s) to be restored to the amount(s) designated on the P-Card Compliance Statement.

If a cardholder is requesting a higher single transaction limit the following items should accompany the request

- a) Purchase Description
- b) Amount
- c) Reason of using the P-Card instead of going through
- d) Purchase of, or payments for single item may not be split into multiple transactions to avoid transaction limits placed on a P-Card account. Purchase to the same vendor within five (5) business days will be considered as one (1) transaction

Emergency Situations: If a cardholder's transaction is not approved through a merchant because the transaction amount exceeds the single or monthly purchase limits, the Program Administrator will accept a phone or email request from the cardholder; the Program Administrator will send an email to the Department Head to confirm the cardholder's request for an authorization of the temporary limit increase. Should be proactive not reactive response by cardholder

RESTRICTED PURCHASES

Purchases of the restricted items below and purchases in excess of \$5,000 per transaction must be processed in accordance with established procurement policies and procedures.

Massage parlors	Services of any kind associated with a scope of work or contract
Liquor	Fines or court costs
Personal Items	Capital leases and lease-purchases
Casinos	Capital equipment
Cash advances of any type	
Donations to organizations (non-profit or for-profit)	

MAKING A PURCHASE

Before using the Small purchase Card, determine if it is the appropriate purchasing method. Generally, the Small purchase Card can be used for most purchase transactions according to the individual cardholder's spending limits.

The Small purchase Card may be used in person or via mail, telephone, fax, or over a secured internet link. Follow these general procedures when using the Small purchase Card:

- Check possible sources of supply to ensure best price, delivery, and compliance with policy and procedures. The Purchasing Office staff is available to assist with sourcing and pricing of products if/as needed.
- Call or visit the supplier and identify yourself as a City of Hopewell employee. Be prepared to have your City of Hopewell ID available for vendor reference.
- Confirm acceptance of the P-Card for purchases.
- Tell the supplier that the City of Hopewell is **exempt from paying Virginia sales tax (State of Virginia and City of Hopewell) at the point of sale**. If required, provide the sales tax "Certificate of Exemption." For ease of reference. A copy of the State of Virginia Tax Exempt certificate is provided as requested. Please contact the Procurement Office.
- Give the supplier the Small purchase Card number and expiration date and provide the tax-exempt numbers for the City of Hopewell if requested.
- Be sure to indicate your City of Hopewell address for shipping of products and/or mailing of receipts/documents. Remind the supplier that this is a P-Card purchase, and to send a receipt for the purchase to you at your City of Hopewell mail address. When specifying delivery instructions to your City of Hopewell address, include information that must appear on the shipping label (i.e., Attention: P-Card User's Name). Notify the supplier that the Small purchase Card number should not be displayed anywhere on the outside of the package.
- Use the following example for shipping goods to City of Hopewell:
 Department Name (required)
 Individual Name (required)
 Office Address [City Hall, Public Works, Fire Department, etc.]
- Order the desired goods or services and confirm the total cost, including freight (shipping and handling).
- Cardholders are highly encouraged to seek competition (e.g., obtain written quotes of verbal quotes) from multiple vendors prior to making an open market purchase to ensure the most efficient and effective use of the department funds and taxpayer dollars.
- When an item is available on a City of Hopewell Term Contract, the purchase shall be made in accordance with that contract. If a City of Hopewell Term Contract is not be utilized, the Procurement guidelines must be followed

TRAVEL USING the P-Card

If you are traveling, contact the Procurement Office for tax exemption requirements for the State of Virginia. It is important to be proactive by planning in advance and requesting documentation as early as possible when securing tax exemption for purchases.

In instances where the traveler has not been issued a P-Card, another cardholder's account may be used to secure arrangements for airline reservations, conference registrations, or business meals/entertainment. (The cardholder should not provide his/her card account information to the traveler!)

If you are making purchases on behalf of another individual with the City of Hopewell, be sure to retain appropriate documentation that authorizes the charges on your P-Card.

In the event of declined transactions, contact the P-Card Administrator to determine the cause and resolve the problem.

The approved Travel Request form and paid receipts must be uploaded to Fifth Third to support travel expenses.

DOCUMENTATION/RECEIPTS

Substantiating your transactions for City of Hopewell business-related business purposes is a critical element of the procurement process. Itemized receipts provide detailed permanent records for accounting and auditing purposes. Retain ALL receipts, regardless of dollar amount!

ALWAYS obtain itemized receipts, even if the purchase is made by telephone or fax. When ordering goods via the telephone, you are urged to maintain documentation referencing the name of the individual who provided the price quote(s), date(s), time(s) of the contact(s), and any other pertinent information as necessary.

For the purpose of Small purchase Card transactions, the term "receipt" shall be defined as follows:

- An invoice, cash register receipt, sales slip, or packing slip which contains the following:
 - Itemized list of goods purchased, with cost amounts
 - Name and address of supplier
- Handwritten receipts must be signed by an authorized employee of the supplier
- When ordering via the Internet, the cardholder should screen print the completed order form and attach the packing slip (if available)

Document the five W's on the original receipt (and electronically online as a part of the reconciliation process):

- Who – vendor name
- What – description of item(s) purchased
- When – date of transaction
- Where- location of transaction
- Why – business purpose of the transaction (i.e., conference, airfare)

The Internal Revenue Service, internal and/or external auditors may periodically audit P-Card transactions. The IRS requires that you maintain all receipts for goods and services purchased under the P-Card Program; receipts and records must be retained for a period of three (3) years. P-Card records are audited on a monthly basis, so it is essential to adhere to receipt retention and record-keeping guidelines.

PayPal and Amazon receipts **MUST** be itemized and have detailed descriptions. As these transactions are subject to greater audit sampling than other transactions.

RECEIVING and RETURNING PURCHASES

Retain documentation/invoices associated with goods delivered to you at the City of Hopewell. Departments are encouraged to establish appropriate inventory tracking methods for goods ordered within individual departments.

Cardholders must receive credit on the P-Card used to purchase the item(s); do not accept a cash refund or store credit. Cardholders should also review monthly statements to ensure that all charges/credits have been properly issued on the P-Card account.

When credits are received, retain documentation which explains each item returned or exchanged.

TRANSACTION PROCESSING/MONTH-END PROCEDURES

Cardholders may review monthly statements online in the MUNIS Database.

You are urged to review your P-Card transactions in MUNIS regularly to ensure that no unauthorized/fraudulent charges are on your card. This tool provides cardholders the ability to view account information and transactions.

Reconciliation

Reconciliation is the act of assigning an ACD (account code distribution) and include a detailed description of the business purpose on EACH transaction with more detail than the default vendor name; and must be completed on a monthly basis.

Cardholders or reconcilers may view transactions in MUNIS within seven business of the statement end period. The cardholder and/or reconciler must complete online reconciliation before the deadline; which is the 27th of each month or the business day prior if the 27th falls on a weekend or holiday. Cardholders or reconcilers then need to attach monthly statements to receipts for each card account and attach the printed report which shows Department Head electronic approvals for record retention and audit purposes. All documentation shall be retained in a secured area of the department or division.

On the date of the reconciliation deadline, all cardholder transactions are put into the MUNIS system. The month-end close process is conducted by the Procurement Office upon completion.

Unauthorized Charge(s)

Cardholders have sixty (60) days from the date of the transaction to dispute charges; if you discover any unauthorized charges in MUNIS or on your monthly statement, immediately notify the P-Card Administrator and Fifth Third Bank. In the event that your card is compromised, your account will be suspended or closed, and a new card will be issued by Fifth Third upon your verification of the compromise or fraud.

Approvals

Cardholders, reconcilers, and Department Heads to access statement information via MUNIS. The monthly billing period is generally from the 8th of each month through the 27th of the following month.

It is the responsibility of the Department Head or whom department head has designated to review and approve cardholder transactions on a monthly basis. Cardholders/reconcilers are responsible for monthly online reconciliation of all transactions in a timely manner. Department Head P-Card transactions are verified by the Assistant Manager. Finally, all P-Card transactions are verified monthly via MUNIS by the Procurement Office.

Missing Receipts

Cardholders are encouraged to maintain a system to retain receipts. Be especially careful to have a place for safekeeping of receipts when traveling.

In the event of a lost or missing receipt, take the following steps:

1. Contact the merchant and ask for a duplicate copy (if unavailable, contact Fifth Third Bank).
2. Contact Fifth Third Bank for a copy – additional fees may apply.
3. Complete the Missing Receipt Affidavit (page 22). Be sure to sign the affidavit and obtain the signature of the Department Head. This is not for repeated use, one to two times ONLY.
4. Include the Missing Receipt Affidavit with your receipts for the monthly statement.

RESPONSIBILITIES

Program Administrator

- Interact with Fifth Third Bank to issue new cards and approve card limits for individuals.
- Suspend or terminate cards (voluntarily or involuntarily) with prior approval from Department Director or City Manager.
- Interact with Fifth Third Bank to maintain MCC's (Merchant Category Codes) for prohibited purchases only with City Manager's Approval.
- Assist departments with problem resolution, disputes, returns and credits (if initial attempts by departments are unsuccessful).
- Work in partnership with internal and external auditors to ensure compliance within the card program.
- Notify Department Head concerning suspected misuse or fraud of the small purchase card program.

Department Head

- Authorize the use of small purchase cards by employees of the department.
- Approve each Small purchase Cardholder Agreement.
- If you are reconciling your own transactions:
 - Obtain the original itemized receipts (invoices, cash register receipt, credit card slip, e-mail) confirmation, etc.) For all transactions.
 - Reconcile transactions monthly in accordance with established deadlines.
 - Designate a proxy to reconcile cardholder transactions in your absence.
 - Store monthly receipts and statements in a secure location within your department (all receipts will be retained with the monthly statement).
- Oversee appropriate use of the card.
- Notify the Program Administrator of any reconciler changes in the department.
- Affirm all transactions made by cardholders for each statement period are allowable purchases by electronically approving each transaction.
- Retrieve cards from employees who leave the City of Hopewell, change departments, or move on to a job in which they will no longer require a small purchase card.
- Designate a proxy to approve cardholder transactions in your absence
- Initiate procedure resolution of prohibited purchases. This is to be done at the time improper purchases are discovered.
- Notify the Program Administrator of the details of any small purchase card misuse and the proposed resolution.
- For any cases of repetitious P-Card misuse, the director or department head will obtain the card and return it to the Program Administrator for cancellation.

- In the “accidental” use of your card for a personal purchase, make immediate reimbursement to Fifth Third (see pages 16 - 17, Card Misuse and Consequences) and document the transaction (receipt and in MUNIS database) accordingly.

Cardholder

- Ensure all transactions posted are legitimate purchases made on behalf of the City of Hopewell.
- If you are also reconciling your own transactions:
 - Obtain the original itemized receipts (invoices, cash register receipt, credit card slip, e-mail confirmation, etc.) For all transactions.
 - Reconcile transactions monthly in accordance with established deadlines.
 - Designate a proxy to reconcile cardholder transactions in your absence.
 - Store monthly receipts and statements in a secure location within your department (all receipts will be retained with the monthly statement).
- If you are providing your receipts to an assigned reconciler in your department:
 - Itemized food receipts **MUST** be provided for ALL food purchases.
 - If food is purchased at a restaurant for anyone other than the cardholder, the other persons included on the receipt need to be listed by name and affiliation to the City.
 - Obtain the original itemized receipts (invoices, cash register receipt, credit card slip, e-mail confirmation, etc.) For all transactions.
 - Submit your receipts to the reconciler in your department in accordance with the established deadlines.
- Relinquish the P-Card upon termination and provide all documentation to the reconciler or department head prior to your departure from the City of Hopewell.
- Re-apply for a P-Card in the event of transfer to another department.
- In the “accidental” use of your card for a personal purchase, make immediate reimbursement to Fifth Third(see page 13, Reimbursement for Personal Purchases) and document the transaction (receipt and online via FIFTH THIRD Commercial Card) accordingly.

Reconciler

- Designate a proxy to reconcile cardholder transactions in your absence.
- Ensure all transactions posted are legitimate purchases made on behalf of the City of Hopewell.
- Obtain the original itemized receipts (invoices, cash register receipt, credit card slip, e-mail confirmation, etc.) For all transactions. All receipts will be retained with the monthly statement and stored in a secure location within the department.
- Reconcile transactions for cardholders’ purchases in accordance with established deadlines.
- If the cardholder uses the card “accidentally” for a personal purchase, ensure that immediate reimbursement is made to the Fifth Third(see page 15, Reimbursement for Personal Purchases) and document the transaction (receipt and online via FIFTH THIRD Commercial Card) accordingly.
- Store monthly receipts and statements in a secure location within your department.
- Initiate procedure resolution of prohibited purchases. This is to be done at the time improper purchases are discovered.
- Notify the Department Head with details of any suspected P-Card misuse.

***NOTE:** Reconcilers are not required to have a small purchase card; cardholders, however, must either reconcile their own transactions or have an assigned reconciler for their transactions.

CARDHOLDERS BEWARE!

As a cardholder, you are responsible for the P-Card that has been issued in your name. Protect your card as you would your personal credit card and:

- Know where your card is at all times.
- Do not carry your card while on vacation.
- Do not share your cardholder account or other pertinent information with anyone.
- Ensure that the card is locked up in a safe place to prevent possible theft or unauthorized use.
- Keep your City of Hopewell P-Card separate from your personal credit or debit cards to prevent accidental personal use.

Reimbursement for Personal Purchases

The P-Card for personal purchases is not permitted, we recognize that an occasional incident may occur which requires you to reimburse Fifth Third. Immediate reimbursement to The City of Hopewell Treasurer's Office is expected (within 30 days). If reimbursement to Fifth Third has not been made within the thirty-day period, the City of Hopewell Payroll Department reserves the right to collect the unreimbursed amount through the cardholder's paycheck.

DISPUTING UNAUTHORIZED, INACCURATE CHARGES or RETURNS

If you discover an unauthorized charge:

- Contact P-Card Administrator and Fifth Third Bank at 1-800-375-1747 to report the reason the transaction is being disputed (did not authorize, duplicate charge, etc.).
- Retain all proper documentation for the charge and the credit.
- Contact the P-Card Administrator for assistance if needed.

If you discover a suspected unauthorized charge due to possible fraud:

- Contact the P-Card Administrator, Arquesia Haskins or Felicia Ashburn, immediately at 804-541-2342.
- Contact Fifth Third Bank at 1-800-375-1747 to notify them that you did not authorize the charge(s).
- Your card will be cancelled immediately upon notification and a new one (with a different account number) will be issued.
- The Program Administrator will contact you to pick up a replacement card from the Procurement Office once received from Fifth Third Bank.

If you were charged for a purchase by a known vendor where the goods have not been received, or there is any other discrepancy:

- Know the vendor's return policy.
- Attempt to resolve the issue with the vendor prior to the established deadline for reconciliation.
- Dispute the charge by calling Fifth Third Bank at 1-800-375-1747.
- If the cardholder has not received an item that the supplier indicates has been shipped, the cardholder should request a proof of delivery.
- Notate the reason the transaction is being disputed (price charged varies from price quoted, duplicate charge, etc.).
- Contact the P-Card Administrator for assistance if needed.

CANCELLING A P-CARD

Loss, Theft or Fraud

Under certain conditions, the cardholder must make a quick decision about whether to request cancellation of a P-Card. Some conditions that require immediate cancellation include:

- A lost card.
- A stolen card.
- One or more transactions in FIFTH THIRD Commercial Card are not authorized by the cardholder.

If you encounter one of these conditions, immediately take action and do not wait until you can verify the transactions on your monthly statement. The bank is liable for fraudulent charges to a card if swift action is taken by the cardholder and the City of Hopewell. If too much time has lapsed (generally beyond 60 days) between a lost/stolen card and notification to the bank, you or your department may be liable for the fraudulent charges.

All of the following reporting steps must be used when cancelling a card:

1. Notify the Program Admin to deactivate or cancel card.
2. Notify the reconciler (if cardholder is not the reconciler).

Transfer of Employment

Employees who transfer to another department are required to surrender their card to their Department Head. The Program Administrator is responsible for cancellation of the employee cardholder account. If the cardholder has purchasing responsibilities in the new department, an application and cardholder agreement (signed and authorized by the Department Head) are necessary for a new card. Submit the documents to the Program Administrator for further action to process the card. Additional training for the new card account for employees who transfer is not required as long as the cardholder is/was in good standing with his/her responsibilities under the Small purchase Card program.

Separation from the City of Hopewell

Upon separation, the cardholder shall relinquish his/her small purchase card to the Department Head along with appropriate documentation of purchases to date. The departing employee is responsible for providing information regarding the Small purchase Card file for past months/years to his/her Department Head for possible audit requests. The Department Head will notify the Program Administrator and forward the card to them. The P-Card Administrator will email the P-Card Closure form to the Department Head for signature.

P-CARD MISUSE and CONSEQUENCES

Card misuse comes with serious consequences. The City of Hopewell small purchase card is to be used solely by the person to whom it was issued. The card can ONLY be used to pay for allowable City of Hopewell-related purchases and is NOT to be used for any personal, prohibited, or unauthorized purchases. Any such use will require the cardholder to submit an immediate reimbursement to the City of Hopewell for the improper charge on the small purchase card.

Misuse is broadly defined as "using the card in violation of City of Hopewell policies and procedures." Examples of misuse of the small purchase card include, but are not limited to:

- Using the small purchase card for personal purchases.
- Using the P-Card for purchases that are not authorized by the Department Head.
- Using the small purchase card to purchase any goods or services that violate policies or procedures of the City of Hopewell, including those items listed as specific exclusions for the small purchase card; or which violate any law or regulation to which the City of Hopewell must adhere.

- Splitting a transaction to circumvent the transaction limit authorized for the cardholder's card.
- Using multiple cards to circumvent the transaction limit authorized for the cardholder's card.
- Failing to provide required purchasing documentation in a timely manner (either to the reconciler or to Procurement).
 - o A missing receipt equals an unsubstantiated business purpose (in the absence of a Missing Receipt Affidavit that has been signed by the cardholder and the Department Head)
 - o An unsubstantiated business purpose is considered a personal purchase and the purchase is then a reimbursable transaction by the cardholder to the City of Hopewell
- Giving your card to another individual to use for a purchase. No other person is authorized to use your card. The cardholder may make transactions on behalf of others (who do not have a small purchase card) in his/her department or division if/as approved by the Department Head (retain documentation of approval for audit purposes). The cardholder is still responsible for the business validity of the use of his/her card.
- Failure to conduct reconciliation in a timely manner (by the deadline stated for the monthly download).

The cardholder understands that his/her improper use of the City of Hopewell P-Card may be cause for disciplinary action by the City of Hopewell, including:

- Suspension of P-Card privileges.
- Reimbursement to the City of Hopewell
- The City of Hopewell may withhold amounts attribute to improper use by the cardholder from there paycheck which may be payable to Fifth Third.
- Obligation to pay legal fees incurred by the City of Hopewell if legal proceedings are initiated to recover amounts owed.
- Termination of employment from the City of Hopewell.
- Criminal prosecution.

The materials or goods involved in card misuse may:

- Become the property of the department; the cardholder will have to reimburse the City of Hopewell the cost and any related processing fees (this can be withheld from the City of Hopewell paycheck if not reimbursed by the cardholder)
- Be returned to the vendor
- Be retained by the City of Hopewell

SUSPENSION FOR NOT RECONCILING P-CARD TRANSACTIONS

The City of Hopewell's policy for P-Cards requires transactions to be verified and approved within 60 days of the Credit Card Charge Posted Date or the completion of travel to help mitigate fraud, waste and abuse, and support financial stewardship excellence for the City.

Suspension Process Timeline and Actions

- **First Offense:**
If an individual P-Card transaction is posted unreconciled after 60 days, a warning notification email will be sent to the cardholder, their direct supervisor, and the key finance contact department [notifier], if applicable.
- **Second Offense:**
If the same or similar reconciliation offense occurs within a rolling 6-month period, a formal written notification email will be sent to the cardholder, their direct supervisor, and the key finance contact in their department [notifier] and the card will be suspended for 60 days.
 - o The cardholder must reapply for a new P-Card after the 60 day suspension has ended.

- **Third/Final Offense:**
If the same or similar reconciliation offense occurs after a card has been reissued to the offending cardholder, P-Card privileges will be permanently revoked for that individual with the City of Hopewell.

How to Avoid P-Card Reconciliation Suspension

- Reconcile transactions on time. It is a best practice to verify and approve posted transactions within 10 days. Always verify and approve card transactions within 60 days of travel or posted date.
- Review, verify, and monitor your monthly P-Card Statements when they are uploaded into the MUNIS database to ensure timely clearing and to reconcile your receipts against the billed transactions. If there are discrepancies, report them to the P-Card Administrators for the City and Fifth Third Bank, the P-Card issuer.

INFRACTIONS & VIOLATIONS

Level 1 – Infractions

Level 1 infractions result in a formal notice to the Cardholder and Approver.

Examples:

1. Missing receipts/invoices
2. Receipts with tax charged
3. Missing itemized receipts for meal purchases

Level 2 – Infractions

Level 2 infractions result in a formal notice to the Cardholder and Approver.

Examples:

1. Failure to reconcile and submit receipts by set deadline
2. Purchases made using the P-Card that should have been processed on a PO.
3. Undocumented action on sales tax charges (due diligence to correct payment of tax payment)

Level 3 – Major Violations

Major violations are instances that show disregard for established policy and procedures, whether intentional or not. These types of violations demonstrate intent to avoid major compliance issues, and the resulting penalties are more severe.

Examples:

1. Purchasing prohibited or restricted items. i.e. alcohol, cash advances, casinos, tobacco.
2. Splitting orders to avoid assigned single transaction limit.
3. Using multiple P-Cards to avoid assigned single transaction limit.
4. Allowing others to use the card or assigned card number.
5. Any and all Personal purchases; even without willful intent.
6. Accumulating three (3) Level 1 and/or Level 2 Infractions as defined above in a year.
7. Use of the missing receipt form more than three (3) times in a year.

Any major violation will result in temporary suspension of the Cardholder's privileges with notification to the Cardholder's Approver and Department Head.

- **1st occurrence** – the P-Card will be suspended for two (2) weeks. If no malfeasance, fraud or theft was involved, a reinstatement request of P-Card privileges may be initiated by the Cardholder's Approver with an email to procurement@hopewellva.gov. Reinstatement requires the approval of the Procurement Office
- **2nd occurrence** – the P-Card will be suspended for 30 days. If no malfeasance, fraud or theft is involved, a

reinstatement request of P-Card privileges may be initiated by the Cardholders Approver with an email to procurement@hopewellva.gov. Reinstatement requires the approval of the Procurement Office

- **3rd occurrence** – this will result in the permanent suspension of all P-Card privileges, and the Cardholder will not be considered for card issuance at any later date during employment.

CONTACT INFORMATION

The City of Hopewell

Arquesia Haskins	P-Card Administrator	804-541-2342, Ext. 194
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Felicia Ashburn	P-Card Administrator	804-541-2342, Ext. 162
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Fifth Third Bank

- To report a lost or stolen card
 - 24 hours a day worldwide customer service
- 1-800-375-1747
-

PROCUREMENT OFFICE USE ONLY

Date Application Processed by Procurement Office: _____

Date Card Received by Procurement Office: _____

Date Card Entered into MUNIS Database: _____

Date Card Retrieved by User/Designee: _____



SMALL PURCHASE CHARGE CARD CHANGE REQUEST

CITY OF HOPEWELL

DEPARTMENT: _____ DATE OF REQUEST: _____

TO: _____ FROM: _____
PROGRAM ADMINISTRATOR DEPARTMENT
DIRECTOR

The Following Change Is Hereby Requested for the Small Purchase Charge Card within My
Department.

(Please Print or Type All Information Requested Below)

CARD NUMBER: _____ (LAST 4 DIGITS ONLY)

NAME AS IT APPEARS ON THE CARD: _____

CHANGES TO BE MADE:

APPROVAL: _____ DATE: _____
DEPARTMENT DIRECTOR

APPROVAL: _____
CITY MANAGER

DATE: _____



CITY OF HOPEWELL

SMALL PURCHASE CHARGE CARD
MISSING RECEIPT FORM

This form is to be used as documentation only if the actual receipt, invoice, or on-line order confirmation is unavailable (not to be used for lodging expenses). It should only be used on an exception basis; repeated use of this form is considered non-compliant with City of Hopewell's Purchase Card Policy and can result in the credit card being cancelled or suspended.

This form must be filled out COMPLETELY and signed by the cardholder and approver.

Cardholder Name: _____ Last 4 Digits of Card: _____

Department: _____

1) Why is the original receipt, invoice, or on-line order confirmation missing?

2) Have you attempted to obtain a duplicate receipt from the credit card company? Yes No

3) Have you attempted to obtain a duplicate receipt from the vendor? Yes No

If your response to questions 2 & 3 are both No, please attempt to obtain a receipt from either of these sources. If you did attempt and were unsuccessful, please complete the following:

Vendor Name: _____ Date of Purchase: _____

Transaction Details:

Item Description	Business Purpose	Quantity	Unit Price	Amount
Total Cost				\$

Cardholder: By signing this form I certify that the above transaction was made for City of Hopewell related business only:

Signature: _____ Date: _____

Approver: (immediate supervisor or department head) By signing this form I agree that the above transaction was made for City of Hopewell related business only.

Signature: _____ Date: _____

FREQUENTLY ASKED QUESTIONS

1. Q: Who is our P-Card vendor?

A: Fifth Third Bank

2. Q Who can get a P-Card?

A: The P-Card is available to full-time and part-time permanent employees as authorized by their Department Head.

3. Q: How do I get a P-Card and how long does it take?

A: Complete and return to the Procurement Office the Small Purchase Charge Card Request & User Agreement. After processed by the Procurement Office, the P-Card arrives in about a 7-14 business days.

4. Q: When should I use the P-Card?

A: The P-Card is used to purchase goods under \$5,000. Cardholders should use the P-Card when ordering items from any supplier except those on the Restricted Items List and the charge will be equal or lower than your transaction limit.

5. Q: My charge was denied. Why?

A: There are several reasons a charge is usually denied:

- o You have reached your MONTHLY SPENDING LIMIT.
- o Your charge is over the TRANSACTION LIMIT.
- o The merchant entered the wrong credit card number and/or expiration date.
- o You are using your P-Card with an unauthorized supplier.
- o Transactions at non-authorized MCC's are denied at the point-of-sale.

To determine exactly why your charge was denied, contact Fifth Third Bank at 1-800-375-1747.

6. Q: Can a co-worker use my P-Card?

A: No. Only you are authorized to incur charges, however, you may use the P-Card to make purchases for any employee in your department.

7. Q: What records should I retain concerning my purchases?

A: Keep a listing of all order verification/tracking numbers, total amount of the order is helpful for reconciliation purposes. You must obtain SUPPORT DOCUMENTATION for each purchase to support the charge. This will be used to validate your monthly Commercial Card Statement.

8. Q: Whom should I contact to resolve an error or dispute concerning my account?

A: You should first contact the merchant. Most exceptions or issues can be resolved between the CARDHOLDER and merchant. If in a rare instance an issue cannot be resolved to the CARDHOLDER'S satisfaction, and the merchant is an approved and contracted merchant to Fifth Third Bank.

9. Q: When I use the P-Card to make a purchase, how is the transaction authorized?

A: When a CARDHOLDER makes a purchase, the merchant verifies the account number with Fifth Third Bank, and spending limits are checked automatically.

10. Q: What do I do if my P-Card is lost or stolen?

A: Call Fifth Third Bank at 1-800-375-1747 and notify P-Card Administrator.

11. Q: What do I do if I need to make a return?

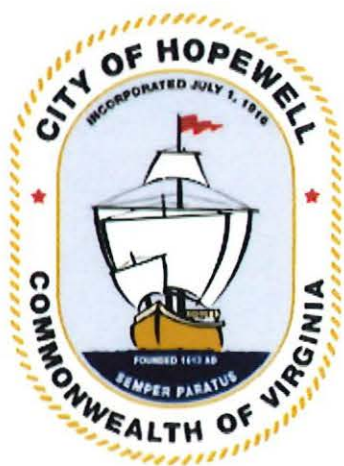
A: You will need to contact the merchant directly and make arrangements for the return. Be sure to give the supplier your P-Card number and confirmation number so your account will be credited. All documentation needed for return. Do not accept cash in lieu of a credit to the P-Card. Ensure that an appropriate credit for the returned item/s appears on a subsequent Cardholder statement.

12. Q: I am missing SUPPORT DOCUMENTATION. Where do I get another one?

A: You must contact the merchant directly to get a copy.

13. Q: I am leaving the City of Hopewell or my current department and need to cancel my P-Card. What do I do?

A: Advise your P-Card Administrator and give your card to the P-Card Administrator. It is the P-Card Administrator's responsibility to cut the card in half and forward the cancellation request to Fifth Third.



City of
HOPEWELL
VIRGINIA

CITY OF HOPEWELL, VA

FINANCIAL POLICY GUIDELINES

Amended _____

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1. FINANCIAL POLICY OBJECTIVES

This financial policy is a statement of the guidelines and goals that will influence and guide the management practice of City of Hopewell, Virginia. Financial Policy Guidelines that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Effective financial policy guidelines:

- Contribute significantly to the City's ability to insulate itself from fiscal crisis
- Enhance short-term and long-term financial credit of the City by helping to achieve the highest credit and bond ratings possible
- Promote long-term financial stability by establishing clear and consistent guidelines
- Direct attention to the total financial picture of the City rather than single-issues
- Promote the view of linking long-term financial planning with day-to-day operations
- Provide the City Council and the citizens with a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines
- Ensure that the organization has sufficient resources to perform mandated responsibilities

While adherence to this policy is expected, the City understands that changes in the capital markets, City programs, or other unforeseen circumstances may from time to time produce situations that are not covered by this policy and will require modifications or exceptions to achieve the policy goals. In these cases, the City's management may act, provided specific authorization from the City Council is obtained. These Financial Policy Guidelines shall be reviewed at least every two years by the Finance Committee, who shall in turn report their findings to the City Manager and City Council.

2. BUDGET DEVELOPMENT POLICIES

Principles

- The budget development process will be a collaborative process to include residents, businesses, City Council, and staff
- The City will strive to maintain diversified and stable revenue streams to protect the government from fluctuations in any single revenue source and provide stability to ongoing services
- The City will avoid dedicating general revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget sets the annual appropriations levels, as set out in the annual budget ordinance. No expenditures can exceed the established appropriation limits. If a budget will exceed such limit, the Council must approve any increases
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

Policies

- City Council shall adopt an annual balanced budget in accordance with all legal requirements
- All operating budget appropriations shall lapse at the end of the fiscal year to the extent that they are not expended, encumbered, or restricted to specific purposes such as capital projects, reserves, grants, and donations.
- All outstanding encumbrances, both operating and capital, at the end of the fiscal year shall be re-appropriated to the following fiscal year to the same department and account for which they are encumbered in the previous year. Such re-appropriation shall be presented to Council by its second meeting in July each year before being added to the new fiscal year budget.
- Appropriations for capital projects will not lapse at the end of the fiscal year but shall remain appropriations until the completion of the projects or until City Council, by appropriate ordinance or resolution, changes or eliminates the appropriation. Prior to re-appropriation, the Council must be advised of the available funding to continue these projects and the impact re-appropriation may have on total fund balances. Appropriations that span two fiscal years, must be re-appropriated before being added to a third budget.
- The City Manager may approve necessary accounting transfers between capital funds to enable the capital projects to be accounted for in the correct manner. Upon completion of a capital project, staff is authorized to

City of Hopewell, VA

close out the projects and transfer to the funding source any remaining balances. The City Manager may approve construction change orders to contracts up to an increase of \$25,000 and approve all change orders for reductions to contracts.

- The budget shall be adopted by the favorable vote of a majority of members of City Council.
- The Vision and priorities established by City Council as well as the Strategic Plan will serve as the framework for the budget proposed by the City Manager.
- Current revenues will fund current expenditures. One-time or other special revenues will not be used to finance continuing City operations but instead will be used for funding special projects or other one-time expenses.
- The City Manager may make all necessary fund and expense adjustments for the following items of non-budgetary revenue that may occur during the fiscal year:
 - Insurance recoveries received for damage to City vehicles or other property for which City funds have been expended to make repairs.
 - Refunds or reimbursements made to the City for which the City has expended funds directly related to that refund or reimbursement.
 - Any revenue source not to exceed \$25,000.
- The City Manager may utilize revenues and increase expenditures for funds received by the City from asset forfeitures for operating expenditures directly related to drug enforcement. All such funds received from asset forfeiture in a fiscal year shall not lapse but be carried forward into the next fiscal year.
- The City Manager is authorized to approve transfers within operating funds as long as total net spending is not exceeded and all transfer activity is to be reported to City Council on a monthly basis. Upon approval of City Council, the City Manager is authorized to transfer between funds should fiscal conditions or circumstances prescribe that the transfer is required. The transfer amount must not result in a deficit balance in the fund that the transfer is being made from.
- The City will pursue an aggressive policy seeking the collection of delinquent real estate, utility, licenses, permits and other taxes and fees due to the City via the utilization of third-party collection agencies.
- The City will prepare and annually update a long range (5 year) financial forecast model utilizing trend indicators and projections of annual operating revenue, expenditures, capital improvements with related debt service and operating costs, and fund balance levels.
- Expenditure and revenue projections will be developed monthly and reviewed with Departmental Directors, the City Manager, and City Council. The City Manager, through the Finance Department, will exercise appropriate fiscal management as necessary to live within the limits of the adopted budget.

- The City Manager must annually prepare and present a Proposed Budget for City Council review no later than April 1st. The Proposed Budget shall serve as a financial plan for the upcoming fiscal year and shall contain the following information.
 1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.
 2. Charts indicating the major revenues and expenditures in each major fund (General, Utilities, Grants, CDBG, Streets, Stormwater, Social Services, etc.) as well as changes in fund balance for all funds.
 3. Summaries of proposed expenditures for all funds proposed to be expended in a fiscal year.
 4. A schedule of estimated requirements for the principal and interest of each bond issue.
 5. A three-year history of revenues and expenditures to include the prior year actual, current year adopted, revised, and proposed budgets for each major fund.
- The City Council shall hold a public hearing on the budget submitted by the City Manager for interested citizens to be given an opportunity to be heard on issues related to the proposed budget, including the Capital Improvement Plan.
- Following the public hearing on the Proposed Budget, City Council may make adjustments. The City Council can only make recommended changes that keep the budget in balance and that are adopted with at least four members of City Council's prior approval.
 - In instances where City Council increases the total proposed expenditures, it shall also identify a source of funding at least equal to the proposed expenditures.

3. FINANCE COMMITTEE

- The City will established a Finance Committee that will meet monthly to review the financial affairs of the City generally. The Finance Committee will be composed of:
 - Appointed City Council Members
 - City Manager
 - Chief Financial Officer
 - Commissioner of the Revenue
 - Treasurer

- Its specific duties shall include, but not be limited to:
 - Monthly tracking of revenues and expenditures versus Budget and Prior Year (i.e. year-over-year trends).
 - Review of the City's reconciled cash balances/position for all accounts and funds based on the most recent month end close (understanding that the report should not be more than 2 months old).
 - Compliance with the Financial Policy Guidelines.
 - Consideration and recommendations concerning candidates for financial management positions.
 - Report on the City's approach to the strategic investment plan to include, but not be limited to:
 - Investment strategy;
 - Amounts invested and return;
 - Amounts anticipated/projected to be available for investment;
 - Current and historic portfolio returns; and
 - Any other information that may benefit the City in its overall investment approach

4. CAPITAL IMPROVEMENT POLICIES

During the budget process each year, the City will develop a five-year Capital Improvement Plan which will serve as the basis for planning and prioritizing the City's capital improvement needs based on affordability and compliance with Debt and Reserve Policies. The Capital Improvement Plan will only include projects with identified and known realistic funding sources. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.

1. The City will consider all capital improvements in accordance with an adopted Capital Improvement Plan.
2. The City, in consultation with the City of Hopewell Public School System, will develop a five-year Capital Improvement Plan that includes funding sources and uses and review and update the plan annually.
3. The City will enact an Annual Capital Budget based on the five-year Capital

City of Hopewell, VA

- Improvement Plan. The first year of the Capital Improvement Plan will be used as the basis for the Annual Capital Budget.
4. The subsequent four years of the Capital Improvement Plan will be used for planning purposes.
 5. The City will coordinate development of the Annual Capital Budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
 6. The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
 7. The City will project its equipment replacement and maintenance needs in conjunction with the five- year Capital Improvement Plan and will develop a maintenance and replacement schedule to be followed.
 8. The City will attempt to determine the least costly and most flexible financing method for all new projects.
 9. Upon reaching the Minimum Initial Target of the Unassigned Fund Balance, the City shall budget \$500,000 toward the Fund Balance Replenishment and \$500,000 to fund Pay-Go Capital Projects.

5. DEBT POLICIES

The City will take on, manage and repay debt according to the following debt policies:

1. The City will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues except where approved justification is provided.
2. When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt ratios will be annually calculated and included in the review of financial trends.
3. Direct Net Debt as a percentage of the Assessed Value of All Taxable Property shall not exceed 5.0%¹. Direct Net Debt is defined as any and all debt that is tax-supported. This ratio will be measured annually.
4. The ratio of Direct Net Debt Service expenditures as a percent of Total Governmental Fund Expenditures should not exceed 10%. Direct Net Debt Service is defined as any and all debt service that is tax- supported. Utility Fund debt service that is self-supporting shall be excluded. Total Governmental Fund Expenditures includes the Budgeted General Fund Expenditures and School Operating Fund Expenditures less the City's Transfer to Schools (as reflected in the Budget Document). This ratio will be measured annually.

¹ The State legal limit is 10% of assessed value.

City of Hopewell, VA

5. Payout of aggregate outstanding tax-supported Direct Net Debt principal shall be no less than 50% repaid in 10 years.
6. The City recognizes the importance of underlying and overlapping debt in analyzing financial condition. The City will regularly analyze total indebtedness including underlying and overlapping debt.
7. Where feasible, the City will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.
8. The City will retire tax anticipation debt and revenue anticipation debt, if any, annually.

6. RESERVE POLICIES

The City believes that sound financial management principles always require that sufficient funds be retained by the City to provide a stable financial base. To retain this stable financial base, the City needs to maintain fund balance reserves sufficient to fund all cash flows of the City, to provide financial reserves for unanticipated or emergency expenditures and/or revenue shortfalls, and to provide funds for all existing encumbrances. The purpose of this policy is to specify the composition of the City's financial reserves, set minimum levels for certain reserve balances, and to identify certain requirements for replenishing any fund balance reserves utilized.

1. **Fund Balance Categories:** For documentation of the City's fund balance position, communication with interested parties and general understanding, a clear and consistent system of classification of the components of the City's fund balances is necessary. The City's reporting and communication relating to fund balance reserves will utilize the classifications outlined in generally accepted accounting principles (GAAP). GAAP dictates the following hierarchical fund balance classification structure based primarily on the extent to which the City is restricted in its use of resources.
 - a. **Non-spendable Fund Balance:** These are fund balance amounts that are not in a readily spendable form, such as inventories or prepayments, or trust or endowment funds where the balance must remain intact.
 - b. **Restricted Fund Balance:** These are amounts that have constraints placed on their use for a specific purpose by external sources such as creditors, or legal or constitutional provisions.
 - c. **Committed Fund Balances:** These amounts are designated for a specific purpose or constraints have been placed on the resources by City Council. Amounts within this category require City Council action to commit or to release the funds from their commitment.
 - d. **Assigned Fund Balances:** These are amounts set aside with the

intent that they be used for specific purposes. The expression of intent can be by City Council and requires City Council action to remove the constraint on the resources

- e. **Unassigned Fund Balances:** These are amounts not included in the previously defined categories. The City General Fund is the only fund that should report a positive Unassigned Fund Balance. Amounts in this classification represent balances available for appropriation at the discretion of City Council. However, City Council recognizes that the Unassigned Fund Balance needs to be sufficient and comprised of liquid cash and investments to meet the City's cyclical cash flow requirements and allow the City to avoid the need for short term tax anticipation borrowing. The Unassigned Fund Balance should also allow for a margin of safety against unforeseen expenditures or sudden loss of revenues that could include, but not be limited to, natural disasters, severe economic downturns, and loss of industry—and associated taxes— in the City.

Unassigned Fund Balance shall not be used for annual recurring expenditures, except for unforeseen emergency circumstances.

The City shall have a Minimum Unassigned Fund Balance of 20% of Budgeted General Fund Expenditures.

Example Calculation: Based on the City's FY 2025 Budgeted General Fund Expenditure of \$54,592,000², 20% translates to a minimum unassigned fund balance of \$10,900,000. To the extent that the City has any remaining operating surplus after all expenditures (including the Annual Budgeted Amount) have been satisfied, the City shall apply at a minimum 75% of such remaining operating surplus to further accelerate the build- up of the Unassigned Fund Balance.

City Council recognizes that if amounts above the minimum policy level exist, City Council could contemplate strategically utilizing these amounts, if appropriate. However, City Council also recognizes that maintaining an Unassigned Fund Balance above the minimum policy levels may be beneficial to the overall wellbeing of the City. Should any amounts above the minimum policy level exist, they should only be appropriated for non-recurring expenditures as they represent prior year surpluses that may or may not materialize in subsequent fiscal years. Amounts above the minimum policy level could be used for the following purposes (listed in order of priority):

- i. Increase Restricted Fund Balances as needed.
- ii. Fund an additional reserve for use during an emergency or

² Excludes the City's School operating contribution.

during periods of economic uncertainty or budget adversity. Such additional reserves shall be determined by City Council.

- iii. Allocating such amounts toward equity funding of the Capital Improvement Plan or transfer to the Capital Improvement Fund.

2. Budget Stabilization Fund

The City shall separately establish a Budget Stabilization Fund, which shall be considered a part of the City's Committed Fund Balance. The Budget Stabilization Fund shall be used for unforeseen, emergency expenditures or unplanned, unforeseen declines in revenues. The Budget Stabilization Fund shall be initially established in an amount equal to 5% of General Fund Budgeted Revenues. Expenditures.

- i. Example Calculation: Based on the City's FY 2025 Budgeted General Fund Expenditure of \$54,592,000, **5% translates to a balance of \$2,700,000.**

3. Debt Service/Capital Reserve Fund

The City shall separately establish a Debt Service/Capital Reserve Fund, which shall be considered a part of the City's Committed Fund Balance. The Debt Service/Capital Reserve Fund shall be utilized as needed in the City's multi-year capital plan. The required balance of the Debt Service/Capital Reserve Fund will be determined based upon the City's most current multi-year capital plan. Initially as of the end of fiscal year 2023, the City will establish a **minimum balance of \$3,000,000** to be applied to debt service payments in future years, thus mitigating the impact of new projects on the City's budget.

4. Prioritization of Fund Balances: As indicated, the fund balance classifications outlined above are based on the level of restriction. In the event expenditures qualify for disbursement from more than one fund balance category, it shall be the policy of City of Hopewell that the least constrained or limited fund balance available will be used first. Assigned fund balance will be used last.

5. Accounting for Encumbrances: Amounts set aside for encumbered purchase orders may be either restricted, committed or assigned fund balance depending upon the resources to be used to fund the purchases. Amounts set aside for encumbrances may not be classified as unassigned since the creation of an encumbrance signifies a specific purpose for the use of the funds.

6. Annual Review: During the annual budget process, the City will review the estimated Fund Balance levels in relation to the proposed budget under

consideration for adoption. Any addition to the Fund Balances, if necessary, to maintain compliance with policy levels and/or replenish any amounts used shall be incorporated into the proposed budget under consideration for adoption. In addition, the City shall also review the Fund Balance policy levels and increase such levels as may be necessary in order to further the goals of this policy.

7. **Replenishment of the Unassigned Fund Balance/Budget Stabilization Fund:** Upon the use of any Unassigned Fund Balance or Budget Stabilization Fund, which causes such fund balance to fall below either the Policy Goal and/or Minimum levels, City Council must approve and adopt a plan to restore amounts used within 24 months. If restoration of the amount used cannot be accomplished within such period without severe hardship to the City, then the City Council will establish a different time period. If both of these funds have been used, priority of replenishment shall first be to the Unassigned Fund Balance, then the Budget Stabilization Fund.
8. **Replenishment of the Debt Service/Capital Reserve Fund:** Given that this fund is intended to be used as needed in the City's multi-year capital plan, the City shall evaluate on an annual basis the amounts used/projected to be used in such plan and provide for replenishment as may be necessary. The amount of this fund shall be evaluated on an annual basis and shall be amended as needed in order to effect the implementation of the City's multi-year capital plan.

7. EXPENDITURE POLICIES

The City intends to manage cash in a fashion that limits borrowing to meet daily operational needs. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues. Exceptions to this must be approved by Council.

The City will utilize a balanced approach to capital project funding, using a combination of debt financing, draws on unassigned fund balance, and pay-as-you-go current year appropriations based on the combination that is best for the City's financial condition. Debt will be repaid within a period not to exceed the expected useful life of the project. It is the City's intention to develop and update, at least annually, a Capital Improvement Funding Plan that identifies all funding sources for existing and proposed debt service and pay-go capital expenditures.

As part of this Plan, the City will strive to provide a current year revenue appropriation for debt service that is consistent from year-to-year whereby excess

City of Hopewell, VA

funding resulting from declines in debt service payments will be carried forward to be applied to future debt service payments and/or other capital expenditures. This budgeting approach will help to create future debt and capital affordability and will provide budgeting consistency for debt and capital purposes. Target debt ratios will be annually calculated and included in the review of financial trends.

In the event that the City anticipates exceeding the debt policy requirements stated herein, staff may request an exception from City Council stating the reason and length of time. City staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. The City will seek to maintain its current bond ratings and comply with continuing disclosure of financial and pertinent credit information relevant to outstanding debt issues.

Expenditure Accountability

The Budget Director shall maintain ongoing contact with department managers and Constitutional Officers throughout the budget implementation and execution process. Department managers and Constitutional Officers have the ability to review their expenditures at any time within the City's on-line financial system. Monthly financial reports shall be prepared for City Council to monitor budgeted and actual expenditures and revenues.

The City shall appropriate as part of its annual budget, or any amendments thereto, amounts for salaries, expenses and other allowances for its Constitutional Officers that are not less than those established for such offices by the State Compensation Board.

Appropriation Amendments and Transfers

Appropriation amendments to the operating budget shall be brought before City Council for approval throughout the fiscal year. Per the Code of Virginia, any additional appropriation which exceeds 1% of the total expenditures shown in the currently adopted budget must be accomplished by publishing a notice of a meeting and a public hearing once in a general circulation newspaper at least seven days prior to the meeting date.

The notice shall state the Council's intent to amend the budget and include a brief synopsis of the proposed budget amendment. The amendment may be adopted at the meeting after the public hearing.

All appropriations lapse on June 30 of each fiscal year for all budgets.

8. HOPEWELL REGIONAL WATER

The City of Hopewell Regional Water Fund (HRW) is a regional wastewater facility primarily serving City residents and the four major industries in the City of Hopewell – West Rock, AdvanSix, Ashland, and Virginia American Water Company. Operation and maintenance of HRW is funded jointly by all five partners and is governed by a 1995 Agreement and subsequent amendments, the latest begin 2017. The following are financial policies that shall govern HRW.

Budgeting. The City will create annual operating and capital budgets for the ongoing operation of the HRW facilities. The **operating budget** will include the cost of general operations and ongoing maintenance of the facility. Funding the operating costs will be shared by the partners in accordance with the latest agreement outlining the rate-setting process. Bills will be sent monthly by the City for recovery of operational expense. The annual budget will be reviewed and approved by the HRW Commission prior to being presented to the City Council for adoption. The draft budget must be approved by the Commission by March 15th each year.

Capital budgets will be reviewed by the Commission's Technical Advisory Committee (TAC) and presented to the Commission for approval prior to being presented to City Council. The capital budget will also be completed by March 15th each year. The capital budget shall include a 5-year expenditure plan necessary for the maintenance and upkeep of the facility. The annual capital budget will include projects that expected to be funded in the fiscal year. Payment of the capital projects by HRW partners will be based on amounts actually paid by the City for capital projects. HRW partners will be billed for capital project work in the month after it is billed to the City. This allows the City to keep monthly operating rates low and only charge partners for capital project work actually completed.

Annual True-Ups. At the end of each fiscal year, the City will calculate the actual cost of HRW operations and compare with the amounts charged to each partner during the year. The difference in these amounts is termed the "true-up" and may be positive (a payment due) or negative (a payment owed). These amounts are due to/from once the City's annual financial report is completed. The allocation of final expenses to the partners will be based on most current agreement detailing expense allocations. The final true-up procedure will be codified in an agreement between all HRW parties.

Use of Miscellaneous Revenue. The HRW charges fees for: waste hauled to the HRW for treatment, permits to haul such waste, recycling of scrap metal, etc. These are classified loosely as "miscellaneous revenues." Because the partners fund 100% of the facility operations and capital needs, these revenues are used to reduce the cost to partners. Miscellaneous revenues will be used to off-set costs in the following order:

City of Hopewell, VA

1. Capital expenses
2. Operating cost overruns in a given year to reduce any true-up payments from HRW partners

If Miscellaneous Revenues remain at the end of a fiscal year, they will be reserved for future-year capital projects or operating cost overruns.

Facility Maintenance Program. The HRW will maintain a 5-year preventative maintenance and replacement program as a part of its 5-year Capital Improvement Program (CIP). The purpose of this plan is to limit any down time in facility operations. This will also provide a roadmap for ongoing investments needed in the facility.

9. SEWER UTILITY

The City's Sewer utility is an enterprise fund. As such, it is expected to fund 100 percent of expenses from user-generated rate revenues and other non-General Fund monies. To ensure this, the following policies are established by the City:

User Rates. Sewer rates shall be set to recover the full cost of providing sewer services in the City. To accomplish this, the City will update the sewer rate study every three years. All rates should include an annual escalation between rate studies based on the City's share of the HRW operating costs.

Rates should include the full cost of operating the sewer system, including: sewage treatment in the City's regional water facility, City allocation of overhead costs to the Sewer utility, funding of annual maintenance needs, Sewer-related debt service, City cost-allocation plan costs, and set-aside of pay-go funding for long-term capital investment in the sewer collection system.

Sewer Reserves. The Sewer Fund should maintain rate stabilization reserves of at least 16.7 percent for rate stabilization and emergency capital needs. Use of assigned reserves shall be reported to the City Council and an update of the amount of reserves will be provided in the annual budget and in the three-year rate study.

Collection System Maintenance Plan. The City shall develop a Sewer collection system maintenance plan to ensure proper functioning of the system to avoid sewer spills or other health and safety issues. This plan shall be reviewed annually and updated at least every three years in conjunction with the rate study.

10. STORM WATER

The City charges real property for impacts related to storm water run-off from parcels. This is based on estimated permeable area for parcels. Storm water fees are then used to pay for improvements in the storm water system to channel and treat storm water to reduce negative impacts on local rivers, streams, and drinking

City of Hopewell, VA
water.

Commercial and multi-family properties are charged the single-family property rate based on a ratio of one equivalent dwelling unit (EDU) per a set square footage of land area. Industrial users are provided with a discount on this rate if they provide active mitigation to run-off from the industrial property. Fee reductions of this sort shall be disclosed in the annual budget document and reviewed at least every five years to ensure ongoing compliance with run-off mitigation measures.

11. SOLID WASTE

It is the City's policy to set rates at a level that will pay all costs for the Solid Waste function from user charges. This includes: 1) the City's contract with the solid waste vendor, 2) Public Works costs to manage this contract, 3) City cost-allocation plan costs, and 4) any capital replacement costs.

Rates should be reviewed annually with the proposed budget and adjusted as needed in the new fiscal year. It is the Council's intent that no General Fund subsidy will be provided to fund Solid Waste services.

12. INVESTMENT POLICIES

An investment policy is designed to serve as a guideline from which all City deposits and investments will be managed. In recognition of its fiduciary role in the management of all public funds entrusted to its care, it shall be the policy of the City that all investable balances be invested with the same care, skill, prudence and diligence that a person would exercise when undertaking an enterprise of like character and aims under circumstances prevailing at that time.

Unless otherwise specifically referenced, all investment actions, controls and reporting shall be the responsibility of the Treasurer's Office with the exceptions to the policy to be properly documented, approved in writing by the Treasurer and communicated to the City officials. Any modification to this policy shall require the approval of the Treasurer and City Council. It is recognized that the Treasurer is an elected official whose responsibilities are delineated by the Code of Virginia and that this policy is meant to illustrate strong fiscal management of a City and not to circumvent the powers of the constitutional officer. This policy is based on guidelines established in the State Code, and is used regarding compliance on investments.

1. Investment Objectives

The primary investment objectives for all assets and/or asset groups shall be:

- a. Safety – Safety of principal is the foremost objective of the investment of City funds. Investments in all asset groups shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
- b. Liquidity – Each investment/investment portfolio will remain sufficiently liquid to enable it to meet all operational requirements,

which might be reasonably anticipated.

- c. Return on Investment – Each investment/investment portfolio shall be managed to maximize the return on investments within the context and parameters set forth by objectives (a) and (b) above.

2. Standards of Care

- a. Standard of Prudence – Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering first the safety and liquidity of capital and next the probable income to be derived.
- b. Ethics and Conflicts of Interest – City employees and investment officials involved in the investment process shall refrain from personal business that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material financial interest in financial institutions with which they conduct business, and they shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees shall refrain from undertaking personal investment transactions with the same broker or account representative with whom business is conducted on behalf of the City.

3. Safekeeping/Delivery of Investments

In accordance with the Section 2.2-4515 of the Code of Virginia: All investment securities purchased by the City shall be held in third-party safekeeping at a qualified public depository that may not otherwise be a counterparty to the investment transaction. (A qualified public depository is defined under Virginia law as a national banking association, federal savings and loan association or federal savings bank located in Virginia and any bank, trust company or savings institution organized under Virginia law that receives or holds public deposits which are secured pursuant to Section 2.2-4400 of the Code of Virginia (the “Virginia Security for Public Deposits Act”).

All securities in the City’s portfolio shall be held in the name of the City and will be free and clear of any lien. All investment transactions will be conducted on a delivery-vs-payment basis. The depository shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity, and other pertinent information. On a monthly basis, the depository will also provide reports that list all securities held for the City, the book value and the market value as of month end.

Appropriate City officials and representatives of the depository responsible for or in any manner involved with the safekeeping and custody process of the City shall be bonded in such a fashion as to protect the City from losses from malfeasance and misfeasance. Securities purchased for the City shall be held by the Treasurer or the City's designated custodial agent. Securities held by a custodial agent shall be recorded in name of the City on the custodian's records. If a custodial agent is used, a written agreement defining the responsibilities of the agent and the custodial agent shall not be a counterpart to purchase of securities held by the custodial agent. This shall not apply to investments with a maturity of less than thirty-one calendar days.

Collateral for savings and time deposits shall be pledged according to the provisions of the Virginia Security for Public Deposits Act and the requirements of the state Treasury Board regulations.

4. Authorized Investments

Unless otherwise stated in this section the City may not invest in any security not specifically authorized by this policy. To the extent permitted by law, the City may invest in the following types of securities:

- a. **United States Treasury Obligations** – Bonds, notes and bills issued by the United States Treasury or certificates representing ownership of treasury bond principal or coupons.
- b. **Agency Securities (FHLB, FNMA, FFCB, FHLMC)** – Fixed rate obligations issued and guaranteed as to principal and interest by the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank or Federal Home Loan Mortgage Corporation.
- c. **Prime Commercial Paper** – Commercial Paper maturing within 270 days of the date of purchase with at least two of the following ratings: P-1 or higher by Moody's, A-1 or higher by Standard & Poor's, F-1 or higher by Fitch, provided that the issuing corporation (or guarantor) has a net worth of at least \$50 million, average net income of \$3 million for the past 5 years and a long-term debt rating of A or better by at least two of the following National Credit Rating Agencies: Moody's, Standard & Poor's or Fitch.
- d. **Certificates of Deposit** – Certificates of Deposit (CD) maturing within one year and issued by domestic banks rated P-1 or higher by Moody's AND A-1 or higher by Standard & Poor's. For CD's maturing from 1 to 5 years the bank must be rated Aa or higher by Moody's AND AA or higher by Standard & Poor's. Funds must be secured in the manner required by the Virginia Security for Public Deposits Act.
- e. **Banker's Acceptances** – Banker's Acceptances maturing within 180

days rated P-1 or higher by Moody's AND A-1 or higher by Standard & Poor's, provided that the issuer is a major domestic bank or the domestic office of an international bank rated Aa or higher by Moody's AND AA or higher by Standard & Poor's.

- f. **Commonwealth of Virginia and Virginia Local Government Obligations** – General Obligation bonds maturing within 5 years from date of purchase and rated AA or higher by at least two of the following National Credit Rating Agencies: Moody's, Standard & Poor's or Fitch.
- g. **Repurchase Agreements** – Repurchase Agreements collateralized by securities listed in items (a) and (b) above. The collateral on overnight, one day, or longer-term repurchase agreements is required to be at least 102% of the value of the repurchase agreement. Structured notes are not permitted collateral. Collateral must be marked to market weekly with option to liquidate if deficiency is not corrected. The counterparty must be rated A or higher by Moody's AND Standard & Poor's and insured by FDIC, or is a Broker-Dealer subject to SIPC protection.
- h. **Open-End Investment Funds (Mutual Funds)** – Open-end investment funds (mutual funds) which trade on a constant net asset value and are registered under the Securities Act of the Commonwealth of Virginia or the Federal Investment Co. Act of 1940 and which invest solely in instruments otherwise permitted under items (a) through (g) above.
- i. **Virginia Local Government Investment Pool** – The pooled fund known as the Virginia Local Government Investment Pool ("LGIP") as provided for in Section 2.2-4600 of the Code of Virginia.
- j. **Virginia State Non-Arbitrage Program**

5. **Investment Approach/Maturity Restrictions**

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements based on a monthly (at a minimum) cash flow analysis of its revenue and expenditures. Such analysis shall be used to develop a strategic investment plan to meet the City's Investment Objectives. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances.

Reserve funds and other funds with longer-terms investment horizons may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body.

City of Hopewell, VA

6. Investment of Bond Proceeds

Proceeds of debt issuances shall be invested with the Virginia State Non-Arbitrage Program (SNAP) or other investment options that may provide higher interest earnings, while safeguarding the principal of the amount invested. Such other investment options/strategies shall be explored with the consultation of the City's Financial Advisor and Bond Counsel if it is deemed to be in the best interest of the City and is permitted by the Public Finance Act of the Virginia State Code. In any event, unexpended funds shall be held in a segregated account to facilitate the tracking of expenditures and investment earnings.

13. FINANCIAL POLICY UPDATES

The Council will review and update policies annually in January of each year. The annual review will include an analysis on adherence to the policies in each policy area.

DRAFT

R-2



The City of Hopewell
Treasurer's Office

Delinquent Tax Report

June 30, 2024

City Treasurer: Shannon Foskey

Agenda

- Examining the past
- Strategy/ solution for delinquent tax
- Team of partners
- 2024 standings
- Closing



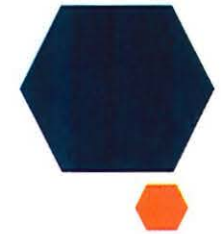
City of
HOPEWELL
VIRGINIA

Due to a significant number of delinquencies from various types of accounts, and recognizing the Treasurer's office as the heartbeat of Hopewell, the Treasurer decided to bring in partners to assist in collecting delinquent funds across the board, while the office continued to collect funds for the current operation.



Personal Property,
Machinery & Tools,
and Public Service

Where we were...



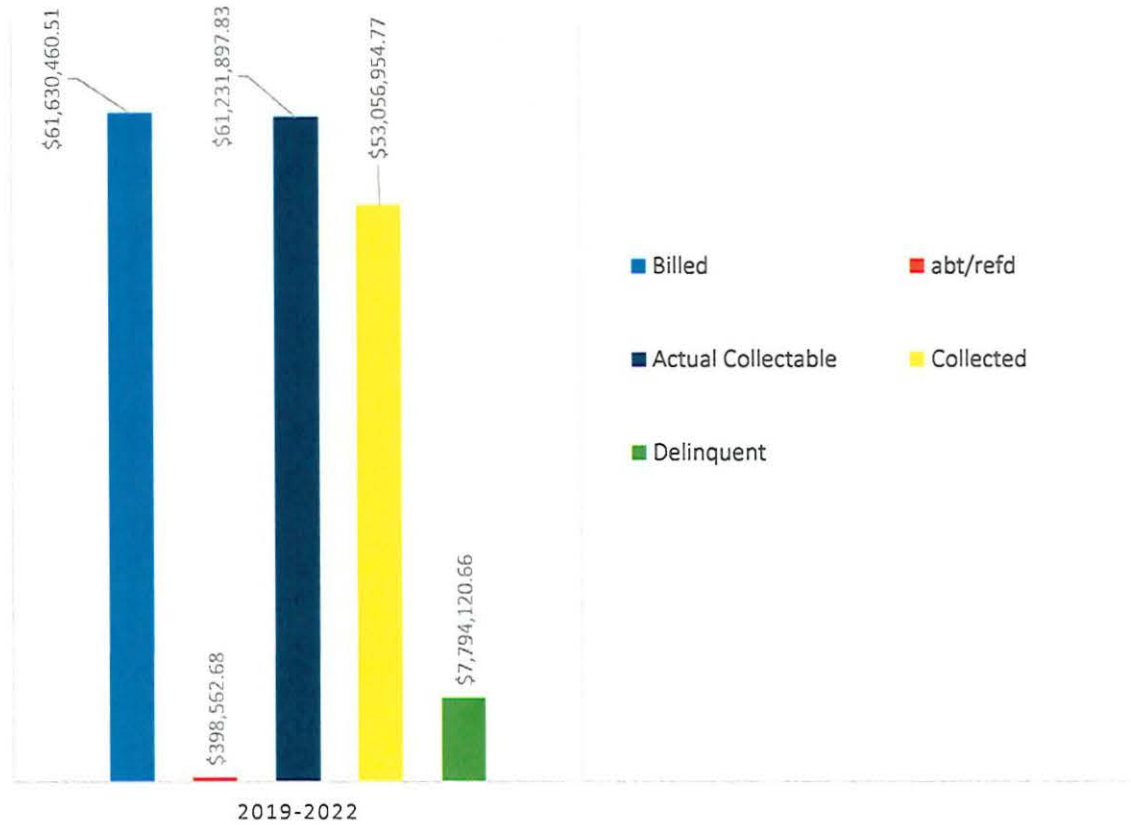
2019-2022

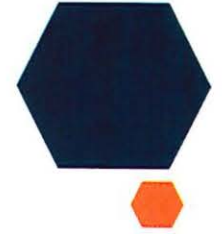
Delinquent amount of personal
property taxes as of June 30, 2023

\$7,794,120.66

Personal Property, Machinery & Tools, and Public Service Collection Report

Where we were



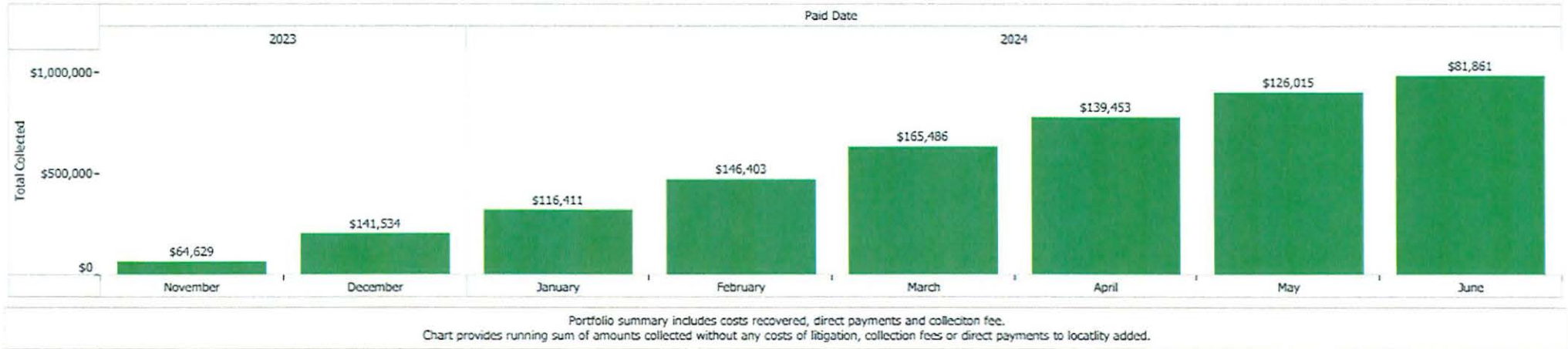


Where we NOW...

Taxing Authority Consulting Services (TACS)

Their mission statement aligned perfectly with our focus in properly collecting significant delinquent accounts. Therefore, we initiated our partnership in November 2023.

TACS

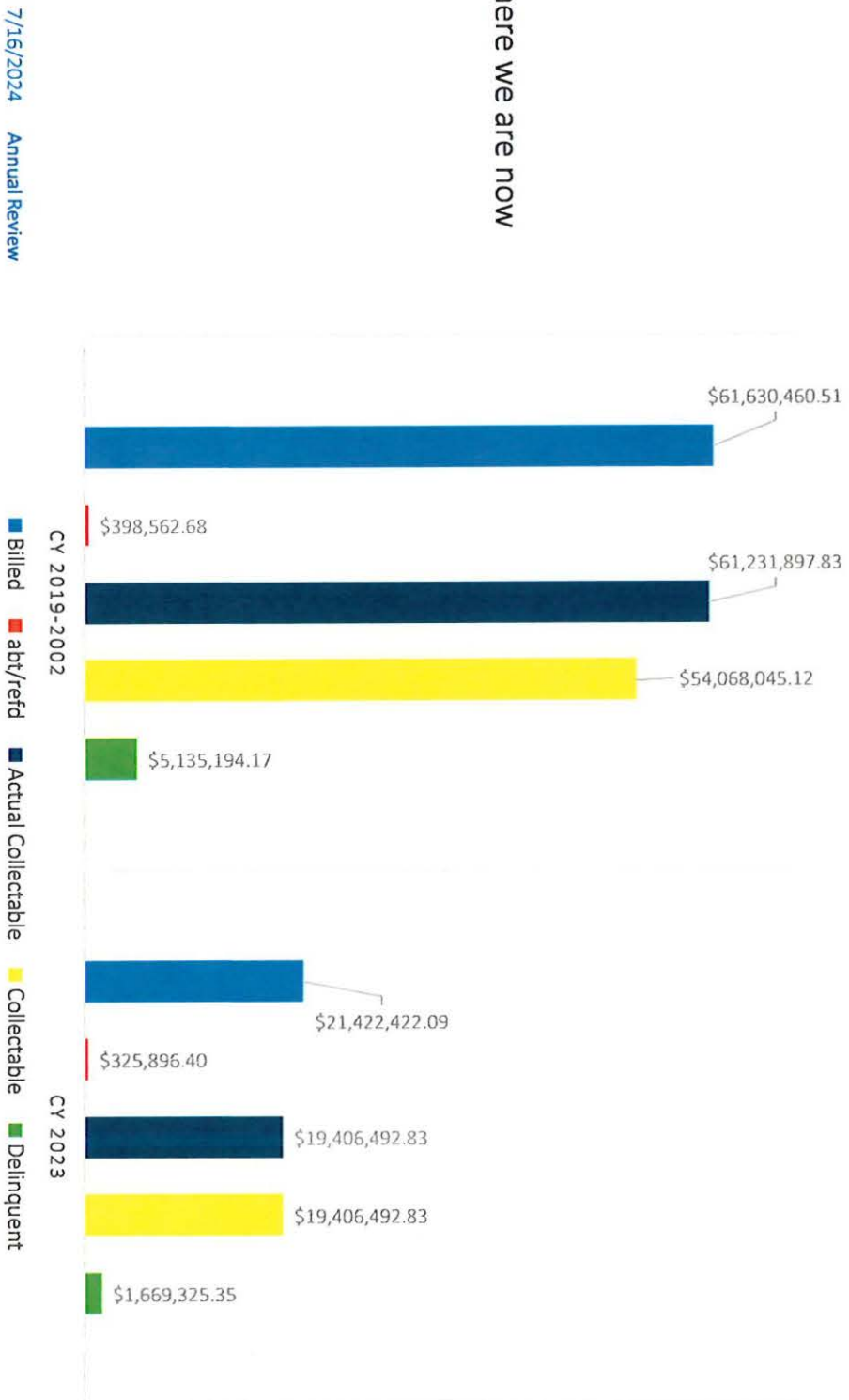


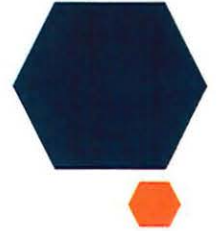
Prior Five Calendar Year Total Collections

Account Type	Paid Date		Grand Total
	2023	2024	
HOPE-PP	\$214,636.47	\$796,453.88	\$1,011,090.35
Grand Total	\$214,636.47	\$796,453.88	\$1,011,090.35

Personal Property, Machinery & Tools, and Public Service Collection Report

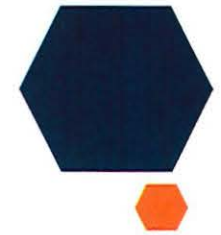
Where we are now





Business License

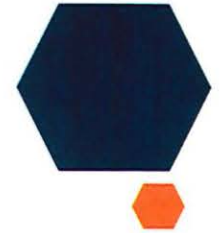
Where we were...



2019-2023

Delinquent amount for Business License taxes as of June 30, 2023

\$6,158,498.31

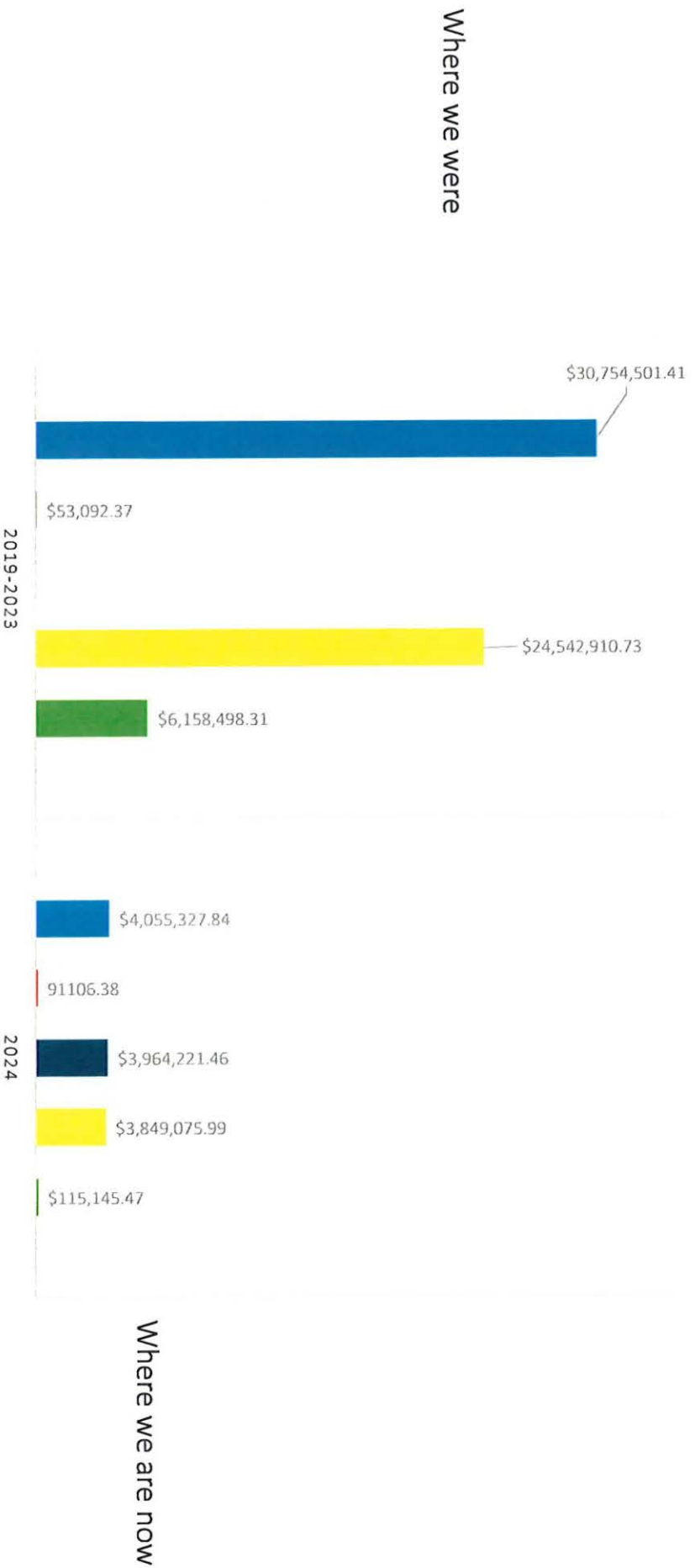



Where we NOW...

Virginia Auction

Due to the impact of COVID-19 and new laws regarding meal taxes, business licenses unfortunately became part of the pool of significant delinquent accounts. Partnering with Virginia Auctions made the most sense to help track down businesses that have relocated or changed their names, enabling us to collect the delinquent funds effectively.

Business License – now





Late last week, representatives of Virginia Auction began knocking on doors on behalf of the city to collect overdue business license payments. Since then, business owners have been coming in to make their payments, inquire about payment plans, or inform us of when they will be making a payment. If no payment is made within 60 days, they will be summoned to court. We are pleased to see the reduction in the number of overdue accounts as a results to these efforts

Since last week we've collected \$3,148.38



Real Estate

Where we were...

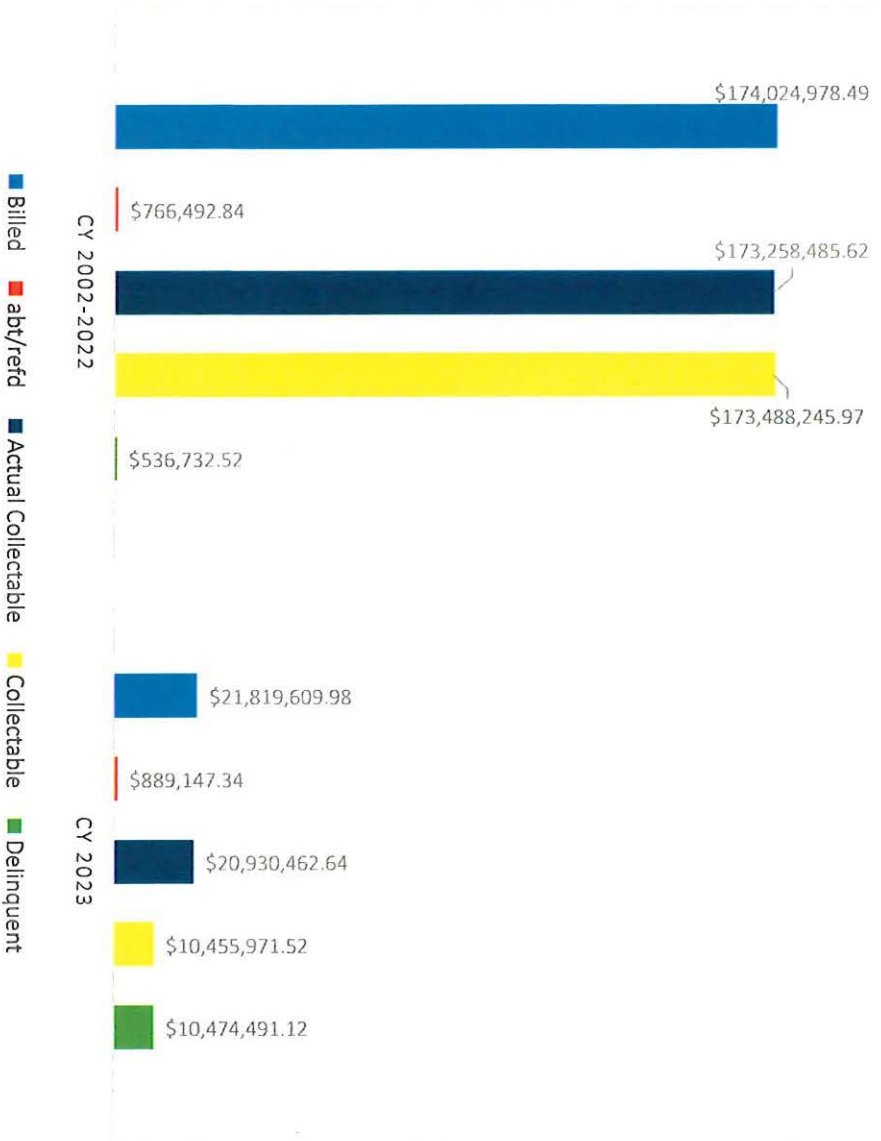


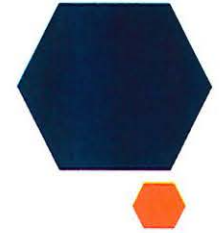
2002-2022

Delinquent amount of real estate taxes as of \$536,732.52

Real Estate - then

7/16/2024 Annual Review

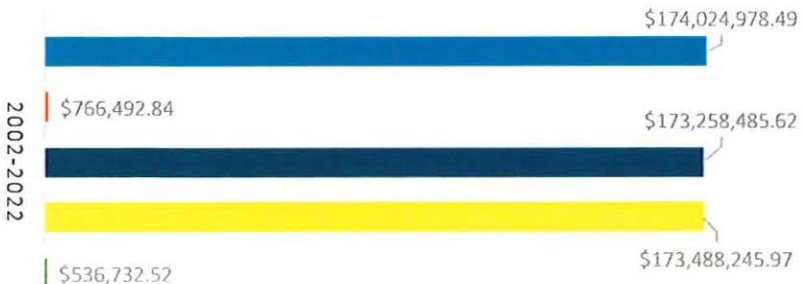




Where we NOW...

Real Estate

Where we were



Where we are now



Virginia Auction

specialize in delinquent judicial tax auctions as well as non-judicial tax auction

Jason Dunn

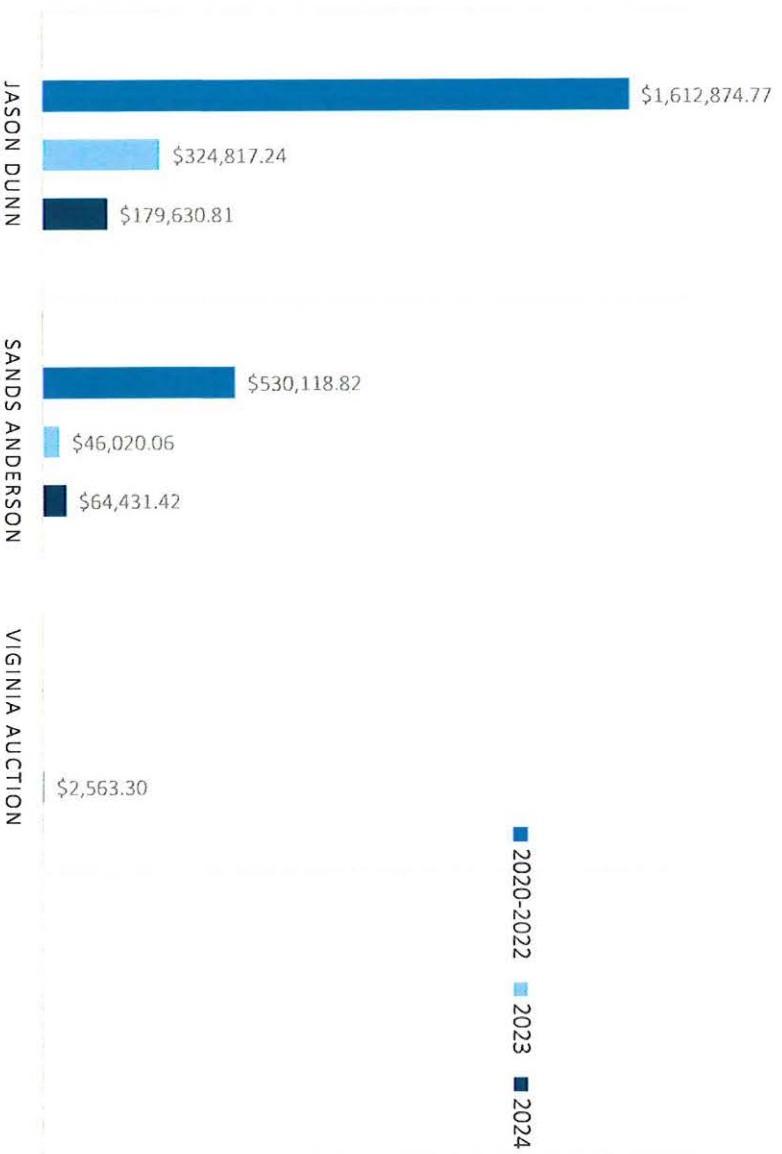
Specializing in the collection of delinquent real estate taxes for government officials typically involves working in the field of tax enforcement or tax collection.

Sands Anderson

One of the collection agencies the city previously established a professional relationship with the city prior to being selected by an elected official. Their mission is to assist us in collecting real estate delinquencies,

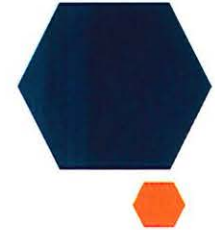
Ensuring we improved financial health for our community. We have decided to enlist the services of an additional collection agency. This strategic move aims to effectively reduce the outstanding real estate debt.

Collected Amount & Time Frame for Vendors



7/16/2024 Annual Review

Real Estate



Jason Dunn (Jan 2020)

- Collected as of April 2024
179,630.81
- In 2023 collected
\$324,817.24
- From 2020-2022 has
collected \$1,612,874.77

Sands Anderson (Sept. 2011)

- Collected as of June 2024
\$107,150.19
- In 2023 collected \$64,431.42
- From 2020-2022 has
collected \$530,118.82

Virginia Auction*(as of Jan 2024)

- 12 parcels auctioned
- 9 sold
- \$2,563.30 was received
- **\$9,994.92 has to be written off because the amount received from the auction did not full cover the amount owed in taxes and/or statue of limitation.**

2023

as of June 30, 2024

	Billed Amount	Abated/refund	Actual Collectable Amount	Collected	Delinquent Amount
Personal Property (2023)	\$21,422,422.09	\$325,896.40	\$21,096,525.69	\$19,406,492.83	\$1,669,325.35
Real Estate Taxes	\$21,819,609.98	\$889,147.34	\$20,930,462.64	\$20,671,283.93	\$259,178.71

Debt Billing Ratio 2024

	Billed	Abatements	Actual Collectable Amount	Collected	Uncollected	Ratio
Personal Property (2023)	\$21,422,422.09	\$325,896.40	\$21,096,525.69	\$19,406,492.83	\$1,669,325.35	
Real Estate	\$22,994,398.07	\$770,382.77	\$22,224,015.30	\$11,366,976.67		
Business License	\$4,055,327.84	\$91,106.38	\$3,964,221.46	\$3,849,075.99	\$115,145.47	

Conclusion

To maximize collections for the city, the treasurers office focus' on the most delinquent and highest-value accounts first by gathering and analyzing comprehensive data, segmenting accounts by risk, and allocating resources accordingly. Utilize a combination of internal efforts such as sending notices and offering payment plans, and external efforts like partnering with collection agencies and pursuing legal action when necessary. Monitor bankruptcy filings closely and file proofs of claim to protect the city's interests. Our office regularly continuously track progress through reports and adjust strategies based on results and feedback to improve collection rates and reduce financial losses.

ADJOURNMENT