

# CITY OF **Corunna**



## Administrative Policies

Last Modified: July 1, 2015

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## ARTICLE I - ADMINISTRATIVE POLICIES

### 1.1 CHAIN OF COMMAND IN CITY MANAGER'S ABSENCE

POLICY: The City Clerk/Treasurer or other administrative officer so delegated by the City Manager will be in charge of City operations in the absence of the City Manager.

### 1.2 FILLING OF VACANT POSITIONS

POLICY: No vacant positions shall be filled without the prior approval of the City Manager.

### 1.3 EMPLOYMENT OF RELATIVES

POLICY: Employment of relatives and/or persons living in the same household will be handled the same as with any non-relative candidate as long as the position being applied for is not in the same department.

To avoid any problems/concerns regarding favoritism, or consistency in the application of terms and conditions of employment, an applicant for employment/transfer who is a relative or a person living in the same household of an employee will not be hired into the same department without approval by the City Council.

### 1.4 PROCESSING OF WORK ORDERS

POLICY:

1. A work order worksheet must be completed for each service call received in all divisions of the Public Works Departments. This includes, but is not limited to: streets and operations, utilities, parks, cemetery, and municipal buildings. The person initiating the work order shall complete a work order worksheet, and then make a determination if immediate action is necessary. If it is, they are to notify the Superintendent of Public Works while concurrently filing the work order worksheet. All known information is to be recorded on the work order.
2. The Superintendent of Public Works will direct the work order to the appropriate DPW worker(s). All work orders which require appointments are to be labeled as such.
3. It is the responsibility of the Superintendent of Public Works to assure that all work orders are done in a professional and timely manner.

### 1.5 WRITTEN COMMUNICATIONS

POLICY: Many contacts are made daily with vendors, residents, other governmental agencies, and numerous private organizations. Generally speaking, many agreements are reached verbally that get the job done and done well. However, these agreements "set us up" for that one time that backup is needed and time has been wasted on what was once a good "understanding".

It is the policy of the City of Corunna to get it in writing. This includes the filing of notes and creating a record of conversations where other written form is not at all applicable. If you:

- Receive a request for service...write it down, put it on a work order, make a note of it, and then pass it on.
- Speak to a resident, business owner/operator...write it in a log or make a note.
- Talk to sales people, other governments, etc...log it or write it down.
- Are asked to investigate a project, issue approval for something, grant someone authority...have them reduce it to writing.

You will utilize your good judgment at all times and continue to get the job done, but record in some manner the **WHO, WHAT, WHERE, WHEN, and WHY.**

## 1.6 COST CONTAINMENTS AND REDUCTIONS

### POLICY:

#### 1. OVERTIME

All employee over-time shall be reduced to an absolute minimum wherever possible. Work assignments of a non-emergency nature will be performed during the regular workday. All scheduled overtime shall be approved in advance by the City Manager.

#### 2. UTILITIES

Every employee/AO will take whatever steps are necessary to reduce the cost of electricity, gasoline, fuel oil, telephone charges, etc. All lights that are not essential, and not left on for security reasons, shall be turned off at the completion of each business day. Lights that are not constantly in use are to be on only when needed. All equipment not in use will be turned off and left off until it is used again. Only essential long distance telephone calls will be made. Whenever possible, inform salespersons, vendors, etc., that they must call you, and that you may not be in a position to return their long distance calls.

#### 3. CITY VEHICLES

Whenever possible, vehicles shall be turned off when parked, and not left idling. Short trips will be eliminated and combined to conserve on gasoline use whenever possible. Police shall utilize stationary patrol methods whenever practical. Vehicles that are considered to be operationally efficient when left idling shall be exempt from this rule. No special trips in conjunction with lunch breaks or rest breaks will be performed by any City employee/AO at any time unless acting under the direction of their immediate supervisor.

#### 4. ADMINISTRATION SUPPLIES

Every employee/AO will make every effort to eliminate any possible waste that is connected with paper, pencils, pens, copies, etc. We will make every effort to reduce the number of copies made on the City's copy machine by copying materials for essential City business only. No copies will be made except those necessary to carry out the functions of the City government. Office supply stocks will be maintained at reasonable levels not exceeding immediate projected use levels. This does not prohibit the City from buying in quantities where quantity is a price factor. All mailings that can be combined will be combined to one recipient.

## 1.7 SEXUAL HARASSMENT

POLICY: The City of Corunna prohibits sexual harassment of employees or members of the public by any employee. Supervisors must refrain from any sexual harassment, and must also be alert to stop any such conduct occurring in our work place. Sexual harassment is a serious violation of the City's rules, and will subject the violator to discipline, including the possibility of immediate discharge.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct or communication of a sexual nature when:

- A. Submission to such conduct or communication is made a term or condition either explicitly or implicitly to obtain employment;
- B. Submission to or rejection of such conduct or communication by an individual is used as a factor in decisions affecting such individual's employment;
- C. Such conduct or communication has the purpose or effect of reasonably interfering with an individual's employment or creating an intimidating, hostile or offensive employment environment.

An employee who believes he/she has been sexually harassed should immediately report such harassment. This also includes anyone who is an unwilling participant in a romantic relationship with another employee or member of management. Such a report should be made either to the employee's department head or to the City Manager. Any supervisor receiving a report of sexual harassment will report it to the City Manager.

The City will investigate any report of sexual harassment.

There will be no reprisal for any employee who reports a sexual harassment complaint or is involved in the investigation of any sexual harassment complaint.

## **1.8 DRUG-FREE WORK PLACE**

**POLICY:** It is essential that all employees be alert and in full possession of their faculties at all times when working to prevent permanent injury or death to themselves and to the citizens they serve. In this regard, it is the policy of the City of Corunna to have a drug-free work place.

All employees who apply and are considered for employment will be required to complete a pre-employment physical examination, which will include reliable drug testing. Applicants will be informed of the drug testing component prior to taking the physical examination. Job offers to applicants who test positive for drugs without a legitimate medical explanation, will be rescinded.

If an employee, at any time, demonstrates an inability to perform his/her job duties due to a perceived substance abuse problem, the employee will be required to undergo drug testing. If the employee tests positive for drug use without a legitimate medical explanation, he/she will be subject to disciplinary action, up to and including discharge.

Positive drug test results are confidential and will not be released to anyone without the applicant's/employee's written authorization.

If an employee is found to be in possession of, selling or using illegal drugs on the job, he/she will be discharged immediately.

If it is discovered that an employee has a drug/alcohol dependency that has not yet interfered with his/her employment, the employee will be encouraged to seek proper treatment and, if deemed medically necessary, admission to a treatment center. A leave of absence may be granted for this purpose.

## **1.9 SMOKING IN MUNICIPAL BUILDINGS AND VEHICLES**

**POLICY:** Federal law prohibits smoking in any municipal building. Therefore, effective immediately there will be no smoking of any kind in any City owned building. This policy also applies to municipal vehicles, as smoking in vehicles causes film build up on the windshields and odor which lowers the resale value of the vehicle.

## **1.10 ATTENDANCE OF DEPARTMENT HEADS AT COUNCIL MEETINGS**

**POLICY:** Unless specifically notified, Department Heads will not be required to attend each Council Meeting. However, each Department Head should be prepared to appear when subjects pertaining to his/her department are on the agenda. The City Council or City Manager may require the attendance of employees/AO's at a Council meeting. Any such requirement made of an administrative officer or salaried employee shall be considered a function of their duties and responsibilities. Any such requirement made of an hourly employee shall be treated as time worked.

## **1.11 COUNCIL WORKBOOKS**

**POLICY:**

1. It is the responsibility of the City Clerk's office to compile and distribute the council agenda/workbook information. Services of the Internal Services Department may be utilized in this process.
2. All agenda books shall be complete and ready for review by 5:00 p.m. on the Thursday before each regular council meeting whenever possible.

3. All material shall be reviewed by the City Manager's office prior to the Clerk including it in the agenda books.
4. All departmental reports shall be submitted to the City Clerk's office prior to 11:00 a.m. on the Wednesday prior to each regular meeting.
5. Prior to publication, the Manager and Clerk shall hold an agenda review conference to determine if any information is missing or to consider late additions to the agenda.

### 1.12 COUNCIL - STAFF CONTACTS

POLICY: All employees are encouraged to answer questions from members of the City Council pertaining to their area of work. The City Manager shall be informed of these contacts. In case the questions asked can only be answered through time and research, these inquiries must be directed through the City Manager. It will be up to the employee and certainly the requesting council person to apply sound reasoning to these requests.

### 1.13 USE OF CITY HALL CONFERENCE ROOM

POLICY: The administrative office will use the City of Corunna Calendar for scheduling. Dates and times are to be cleared by the administrative office at the Corunna City Hall to cause less conflict in scheduling this room. Any person or organization using the conference room is required to leave the room in a clean condition at least equal to what it was when they entered.

Community Service Meetings: Defined as: Any civic, community service, governmental or not-for-profit organization or group that has at least one (1) member who resides within the City of Corunna. Examples: Boy Scouts, Girl Scouts, Kiwanis, etc. Community service organizations may use the conference room if available free of charge. These services may use the room during business hours when approved by the City Manager, or after working hours by securing a key from the administrative office. Any group not cleaning up after themselves **or** failing to return keys may be denied future use. Community services are given the opportunity to book the room for long periods of time in advance (i.e. per month, per year) on a regular basis, but still with no charge.

All Others: Public rental of the City Hall conference room will not be allowed. Other uses shall be allowed with the permission of the City Manager.

### 1.14 USE OF NON-CITY PERSONNEL

POLICY: Only City employees will be allowed to operate any type of City owned vehicles or motorized equipment. Non-City personnel only when authorized by the Superintendent of Public Works may use hand tools, push mowers, or other equipment.

### 1.15 USE OF PERSONAL SAFETY EQUIPMENT

POLICY: Safety glasses or safety goggles shall be worn whenever operating equipment including but not limited to: electric drill, concrete mixer, skill saw, chain saw, grinder, brush chipper, concrete saw, air compressor with post driver, jack hammer, water main tapper, power sweeper, sewer cleaner, weed eater trimmer, sign post puller, and when using such things as a hammer and chisel.

Safety vests shall be worn whenever working on projects and on City streets including but not limited to: picking up brush, cold patching, working on water breaks, sewer work, cleaning or repairing catch basins or storm lines and sign work.

Safety helmets shall be worn whenever working with the tree trimming or removals, post driver, around or near back hoe operations, in any trench or any time some person or equipment is working over head.

Safety ear protection shall be worn whenever operating or using the lawn mowers, jack hammer, post driver, or power saw of any type, brush chipper or any other equipment as may be required for your own comfort or protection.

These rules may not cover all circumstances of safety, but will be enforced and it is expected that the employee shall use good judgment in all cases not covered by these rules.

If equipment other than those listed above is used, the employee will be instructed by the Supervisor on what safety equipment is required.

### 1.16 INVOLVEMENT OF CITY VEHICLES IN TRAFFIC ACCIDENTS

POLICY: In case of accident, the employees involved will immediately notify the local police department, then their supervisor, and remain at the accident scene.

If the accident occurs within the City limits of the City of Corunna, the Corunna Police shall request another police agency (County Sheriff, State Police) to investigate and report the accident.

All such accidents shall be reported to the City Manager and City Clerk.

### 1.17 RISK MANAGEMENT

POLICY:

#### Procedures for Reporting Claims

If a report of personal injury or property damage is received by a City employee, the employee shall get the claimants name, address and phone number (if available). The employee will make no statement about the merits of a claim to the claimant or any other party. The person receiving the original report will then inform the claimant to contact the City Clerk to make a formal complaint.

All claims, whether verbal or in writing, are to be forwarded to the City Clerk. Any information, whether you feel it is important or not, must accompany your report to the City Clerk.

The City Clerk will report all claims (no matter how incidental they may appear) to the insurance carrier. After reporting to the insurance carrier, there may be further questions needed from the person who originally took the call. The Clerk will notify the person reporting the incident and report back to the insurance carrier if necessary.

In case of the City Clerk's absence, all reports will be directed to the City Manager.

### 1.18 EMERGENCY INCIDENT PLANNING

INTENT: The intent of this policy is to provide an overview of a coordinated response system regarding emergencies, disasters, or other critical situations in regards to the role of the City elected and administrative officials and personnel, and to be used as a reference for the orderly notification and action process related to such incidents. This order is to be used in conjunction with the coordinated emergency services plan for Shiawassee County as developed by the County Emergency Services official.

DEFINITIONS:

Emergency incident - Any event requiring the attention of more than one department or effecting a notable segment of the community or the health and safety of a number of City residents.

Incident Commander - A City official in overall charge of the response of City departments and personnel to the incident, organizational control and management functions, the mutual aid concept, affording a coordinated response with the Shiawassee County Emergency Services.

INCIDENT NOTIFICATION:

It is anticipated that incidents concerning the Corunna community will become known to Corunna City Officials through Police, Fire or County Central Dispatch Departments. In most of these cases, the first responsible City officials will be the heads of the various departments (i.e. major fire - Fire Chief; accident, hostage, demonstration -Police Chief; water and sewer, flooding, power loss - Superintendent of Public Works).

Upon receiving primary notification from field personnel, it shall be the duty of the department head to notify the City Manager and to perform all reasonable steps to coordinate initial City response to the incident. In the absence of the City Manager, it shall be the responsibility of the City Clerk to assume incident command.

In case of both the City Manager and Clerk being absent, the Chief of Police will be responsible for incident command due to the fact that his department during most hours of the day will be the primary responding department and be charged with initial notification responsibilities. Other personnel assignments upon notification by the Manager of an emergency incident shall be as follows:

DEPARTMENT HEADS - POLICE, PUBLIC WORKS, FIRE shall respond in accordance with their departmental procedures as it relates to the particular crisis to be managed.

CITY CLERK/TREASURER: Upon notification by the Manager, shall report directly to City Hall and shall be responsible for direction and communication in addition to recording chronologically notification procedures, department responses and action and reactions related to the incident. The City Clerk/Treasurer shall also be responsible for notifying subsequent personnel as directed by the incident commander. The City Clerk/Treasurer shall maintain various incident records and financial reports which may have to be utilized in the event of disaster declaration requiring federal financial assistance. It shall be at the discretion of the City Clerk/Treasurer whether additional employees who normally staff City Hall are required to report to City Hall. The Clerk/Treasurer shall make this determination based on the communications work load and the extent of the record keeping necessary in regards to the specific incident.

MAYOR AND CITY COUNCIL MEMBERS: It is expressly understood that while it is the job responsibility of the professional staff to report to their proper work stations upon call in times of crisis, emergency or community incident; the elected officials may have responsibilities to their employers and therefore cannot be expected to have defined City responsibilities. However, because of his/her position as the City Official who may by proclamation declare disaster and request state and federal aid, the Mayor must serve as a pivot point and remain in constant contact with the incident commander (City Manager). The Mayor's responsibility upon call of the Manager should be to respond to City Hall and assume a work station in the Council Chambers. From this position, he/she will be informed, able to declare disaster, request disaster assistance and also to perform media and public relations functions in distributing information concerning the incident and response.

Council members as a body, will not have specified tasks regarding incident response. However, if able to assist City personnel, they should consider being field assessment officials whose basic function is to assess damage and report same to the Incident Commander or assume a work station along side the Mayor and assist him/her where required regarding public and media information.

It should be noted by all personnel that copies of the County Emergency Response Plan will be obtained and circulated. They are to familiarize themselves with all aspects of this plan. From time to time, either on a yearly or other basis, response situations will be developed in order to "dry run" crisis situations. In order to carry out all facets of this emergency preparedness plan, certain items of public information need to be further developed. Information such as the siren warning system, its meanings, including the three minute blast for tornado warning and subsequent one minute all clear sound should be given to the public and this is the assignment of the Fire Chief.

All staff members are hereby required to update local information regarding hazards and/or resources in the community from time to time to assure that all City records in case of an emergency situation are available with the most current phone numbers, address, etc.

Any City personnel witnessing or becoming involved in a situation which creates a doubt or concern in their mind of having implications on one or more City Departments or a number of residents should contact the Manager or other listed Incident Commander and review the situation. Nobody in this situation could be considered at fault for being too prepared.

## 1.19 EDUCATION REIMBURSEMENT POLICY

POLICY: Non-unionized employees/AO's will be reimbursed for accredited college courses which either comply with a curriculum guide approved by the City Manager and on file in the employee's/AO's personnel file, or is directly related to the employee's/AO's field of employment.



All courses must be approved by the City Manager prior to enrollment. All educational reimbursements will be approved only if adequate funds are budgeted and available in the employees/AO's respective Professional Development Line Item. Reimbursement will be paid on completion of the course.

Administrative Officers will be reimbursed tuition fees (no lab or book fees) up to a bachelor's degree or equivalent. Permanent full time employees will be reimbursed tuition fees (no lab or book fees) up to an associate's degree. Permanent part time employees working at least twenty (20) hours per week will be reimbursed tuition fees (no lab or book fees) at 50% up to an associate's degree.

Employees/AO's who are receiving educational assistance from other sources shall not be eligible for reimbursement where it would provide moneys beyond actual costs.

To receive reimbursement the employee/AO must within ninety (90) days of completion of the course: 1) submit copies of transcripts, report cards, or other proof of completion, along with receipts for all tuition; and 2) receive a grade point of 2.5 or higher or "pass" for a pass/fail course.

Employees/AO's whose employment is terminated prior to the completion of approved course work will not be eligible for reimbursement.

Employees/AO's who voluntarily discontinue their employment will reimburse the employer for classes completed within the last twelve months prior to their termination date. Any exceptions to repayment of reimbursement based on voluntary termination must be addressed by the City Council.

Reimbursement of 100% will be paid for Class Grade Point of 3.0 or higher. 90% will be paid for Class Grade Point of 2.5 but less than 3.0.

## 1.20 INDEMNIFICATION AND BONDING

**POLICY:** Employer shall defend, hold harmless and indemnify Employees/AO's against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's/AO's duties. Employees/AO's shall be covered under any liability insurance policies written on behalf of the City for covered acts or omissions occurring in the performance of Employee's/AO's duties as an official at no expense to the Employee/AO. Employer shall be responsible for all costs, including lost time and wages of Employee/AO, incurred as a result of the defense, prosecution, judgment or settlement of claims and suits arising in connection with the performance of Employee's/AO's duties as an official. Employer shall bear the full cost of any official bond required of the Employee/AO under any law of statute.

## 1.21 ADMINISTRATIVE ORDER MEDICAL TREATMENT OF CONFINED PERSONS POLICY

**POLICY:** Any person held in custody, confined or incarcerated by the City, including but not limited to individuals who are:

- Under arrest
- Incarcerated
- Imprisoned
- Escape from confinement
  - Under supervised release
  - On medical furlough
  - Residing in a mental health or halfway house
  - Living under home detention
  - Confined completely or partially in any way under a penal statute or rule

shall be solely responsible for the payment of any medical services rendered to, and received by, that person during the course of his or her confinement with the City. Or at the City's discretion or a Court of competent jurisdiction, including, without limitation, transportation to and from a medical treatment facility and any treatment deemed necessary by a treating physician, whether or not requested by the person; and shall be required to reimburse the

City in full, for any fees or charges incurred for such service, if not paid directly to a medical provider by the prisoner or his or her insurance carrier.

## 1.22 ANTI-BULLYING

**POLICY:** The City of Corunna prohibits bullying of employees or members of the public by any employee or members of the public. Supervisors must refrain from any bullying, and must also be alert to stop any such conduct occurring in our work place. Bullying is a serious violation of the City's rules, and will subject the violator to discipline, including the possibility of immediate discharge.

Bullying is defined as the repeated, health-harming, mistreatment such as verbal abuse, offensive conduct that is threatening or humiliating, or work interference of one or more persons by one or more perpetrators.

An employee who believes he/she has been bullied should immediately report such harassment. Such a report should be made either to the employee's department head or to the City Manager. Any supervisor receiving a report of bullying will report it to the City Manager.

The City will investigate any report of bullying.

There will be no reprisal for any employee who reports a bullying complaint or is involved in the investigation of any bullying complaint.

## 1.23 ZERO TOLERANCE POLICY

**POLICY:** It is the policy of the City of Corunna to treat everyone we come in contact with in a courteous and respectful manner. We firmly believe in and support this policy and request that customers treat the employees the same.

The City of Corunna is committed to a safe and secure workplace for employees. City of Corunna has a zero tolerance policy that prohibits violence and acts of threatening behavior. City of Corunna's policy requires that any act or threat of violence be promptly reported, investigated and, if substantiated, dealt with appropriately. The City of Corunna presumes that any threat made is a statement of intent to do harm. This policy applies equally to everyone on City of Corunna property – employees, customers and visitors.

Prohibited behavior may include:

- Engaging in threatening or assaultive behavior or urging others to engage in such activity.
- Acting in a manner that causes public disturbance.
- Using abusive language and behaving in a disorderly conduct.
- Any threat to do harm to a person or property.
- Carrying or displaying firearms or explosives.
- Carrying or displaying an item with intent to use it as a weapon or to do physical harm.
- Failure to cooperate with the investigation of any act of violence or threatening behavior.

When an employee is threatened or assaulted, 911 will be called immediately. Next, a zero tolerance letter is sent to the customer. The employee gets a copy of the letter and one is placed in the customer file. When the employee reports the incident to the supervisor or manager, they should also file an incident report.

Anyone who experiences a situation where threat of harm or intimidation occurs while involved in City of Corunna business should report the incident to a supervisor or manager.

To remind customers of our policy, this policy will be posted where customers can view it as they enter the building.

## 1.24 CIVIL RIGHTS POLICY

**Policy:** It is hereby declared to be contrary to the public policy of the City of Corunna for any persons to be discriminated against in employment, housing, or participation in publicly funded programs because of race, religion, national origin, color, sex, marital status, age or handicap.

Employment: The opportunity to obtain employment without discrimination because of race, religion, national origin, color, sex, marital status, age, or handicap is hereby recognized and declared to be a civil right. Further, it shall be contrary to the public policy of the City of Corunna for any employer to discriminate in hire, promotion, tenure, terms or conditions of employment because of race, religion, national origin, color, sex, marital status, age, or handicap.

Housing: The opportunity to purchase, lease, sell, hold, use, and convey housing without discrimination because of race, religion, national origin, color, sex, marital status, age, or handicap is hereby recognized and declared to be a civil right.

Publicly Funded Programs: The opportunity to participate in federal, state, and locally funded programs without discrimination because of race, religion, national origin, color, sex, marital status, age, or handicap is hereby recognized and declared to be a civil right.

## 1.25 ELECTRONIC TABLET POLICY FOR COUNCIL MEMBERS AND DESIGNATED CITY STAFF

Policy: The purpose of this policy is to identify guidelines for the use of electronic tablet technology. This policy establishes a minimum standard that must be upheld and enforced by users of the electronics. This policy constitutes a mutual agreement of what are, and are not, appropriate uses for this important technology tool. The explicit privileges and restrictions set forth in this policy do not attempt to cover every situation that may arise in connection with the use of this new form of electronic communication.

Receipt of Tablet: The city will issue a tablet, keypad and a USB drive. When fully instituted, the e-mail address that you designate will serve as the sole source for the City Council agenda packets and communication. Before being authorized to access and utilize the tablet for internet and e-mail communications, each individual receiving a tablet shall sign this policy.

### 1 Software

- A The software and applications installed by the city must remain on the tablet in usable condition and be readily accessible at all times.
- B Any software, e-mail messages or files downloaded via the internet into the system may only be used in ways that are consistent with applicable Freedom of Information Act (FOIA) laws, licenses, trademarks or copyrights.
- C From time to time, the city may add or upgrade software applications. Tablets may be required to be turned in to city hall for periodic updating and synching.
- D Files from sources that may be untrustworthy shall not be opened and read unless the recipient has knowledge that they originated from a trustworthy source. Downloaded files and attachments may contain viruses or hostile applications that could damage the tablet.
- E Tablets users will be held accountable for any breaches of security caused by files obtained for non-city business purposes.
- F If technical difficulties occur or illegal software is discovered, the tablet will be restored to a prior backup point. The city does not accept responsibility for the loss of any software or documents deleted due to a re-format and re-image.

### 2 Acceptable Use

- A The tablet, internet and e-mail access provided are tools for conducting city business and shall be used primarily for city business-related purposes. Users should not have an expectation of privacy in connection with electronic communications and should use the device accordingly.
- B All of the city's computer systems and software, including the tablet, are considered to be public property. All documents, files and e-mail messages created, received, stored in or sent from any tablet are considered public records, subject to disclosure to the public under FOIA.
- C In order to comply with the Open Meetings Act (OMA), Council members may not use e-mail or other message software/applications during the course of any public meetings. Electronic delivery devices made easier for a violation to occur given that e-mail or text messages to one another could be perceived as an

unintentional meeting. If necessary, city staff and the Mayor may occasionally send information electronically to Council members during public meetings as long as the distribution is publically announced and as long as the item is then distributed to all members. This is intended to be the equivalent of providing a new or corrected paper copy of a document.

- D Individuals using the city's electronic communication systems are acting as representatives of the city. Any communication that violates applicable laws and regulations is prohibited.
  - E Users waive any right of privacy in anything that they create, store, send or receive using the city's tablet equipment, e-mail system or internet access. The contents of electronic communications set by, between and/or to individuals are covered by FOIA.
  - F The city reserves the right to randomly monitor all electronic communication systems. Incidental and occasional personal use of the city's electronic communication systems via the tablet is acceptable, provided it complies with the following:
    - 1 Does not interfere with the business use of the city.
    - 2 Does not result in an incremental expense for the city.
    - 3 Is not used for any form of advertising, solicitations, promotions or commercial purposes.
    - 4 Is not used to communicate abusive, profane or offensive language.
    - 5 Is not used for criminal activities.
    - 6 Is not used for online gambling activities.
    - 7 Is not viewing or distribution of pornographic materials.
    - 8 Is not used for viewing or distributing material related to the intolerance of a gender, race, ethnicity or religion.
    - 9 Is not used for sending or viewing inappropriate material, as outlined in this policy, through the use of technology (e-mail, text, etc.).
- 10) Is not allowed to be used by anyone other than a City Council member, city employee or contractor requiring access to this technology.

### 3 Repair and Replacement

Tablets that malfunction or are damaged must be reported immediately to the City Clerk/Treasurer. The city will be responsible for making any necessary modifications or repairs. Tablets that have been damaged from misuse, neglect or accidentally damaged, in the judgment of the Mayor and in consultation with the tablet manufacturer, will be repaired by the city with the cost borne by the user. Damages include, but are not limited to, broken screens, cracked plastic pieces, and inoperability. If the cost to repair the tablet exceeds the cost of purchasing a new device, the user shall pay the full replacement value. If the tablet is lost or is stolen, due to the user's own neglect, the user shall pay the full replacement value.

### 4 Tablet Return

Upon termination of term of service or termination of employment, the tablet shall be returned within (10) business days. Upon such event, if the City Council member or city employee decides to purchase the tablet, the purchase price shall be \$500 less \$125 per year of use for depreciation.

## **ARTICLE II - ACCOUNTING POLICIES AND PROCEDURES**

### **2.1 ACCOUNTING METHOD**

The accrual basis of accounting is used, which recognizes revenues when they have been earned and expenses when they have been incurred.

The accounting system used by the City of Corunna will utilize generally accepted accounting practices that are required and/or recommended by regulatory or lending agencies and the City auditor.

The accounting practices and procedures used by the City will allow for adequate management of the City's revenues and expenses, and will provide adequate systems of monitoring by the Council as well as outside auditors.

## 2.2 ACCOUNTING SOFTWARE

The current software used by City of Corunna is BS&A. Detailed procedures for using these programs is found in the Users Guide manuals in the Clerk/Treasurer's office.

## 2.3 ACCOUNTS PAYABLE

Payables are recognized when they are incurred.

Bills/Invoice Processing:

1. All invoices are to be given to the proper department head, who will review them and submit a check voucher to the Clerk/Treasurer. General ledger numbers must be assigned based on the actual use of the product or service, not the amount of money budgeted per line item. The Clerk/Treasurer will activate new line items when necessary to properly record expenses in a consistent and routine manner.
2. All check vouchers (except those pertaining to payroll) are to be completed and placed in the mail slot marked "CHECK VOUCHERS" by Wednesday noon.
3. The Clerk/Treasurer will process accounts payable bi-weekly and submit them to the City Manager for approval.
4. A copy of the computer printout showing all checks written and a description of each will placed in council packets for approval.

Only the actual cost of the merchandise is entered for a specific item. All payables are generated from actual invoices and not from billing statements from vendors. Whenever possible, the vendor's invoice number will be used when creating the payable record on the computer to avoid duplication of payments.

Current year invoices are kept in the Clerk/Treasurer's office and prior years are kept in the storage room.

## 2.4 AUDITS

An outside audit of the financial statements is done at the end of the fiscal year. An independent auditor appointed by the Council will conduct a regular audit of the City's finances.

The Clerk/Treasurer will solicit bids for the audit from two or more qualified firms. The City Manager will recommend to Council a firm to perform the audit. The City Manager's recommendation will be based on consideration of cost, professional qualifications, reputation and relevant experience. The Council will approve an accounting firm to do the audit.

## 2.5 BAD DEBTS OWED TO CITY OF CORUNNA

The City Manager may authorize bad debts to be written off if he/she believes the debt is uncollectible and will report to the Council all bad debts of over \$1,000.

## 2.6 BANK/INVESTMENT ACCOUNT AUTHORIZATION

The City of Corunna will provide the following guidelines for how a bank checking, savings, investment, or certificate of deposit is opened, closed, or transferred.

### **Definitions**

Bank/investment account authorization is defined as what personnel have authority to open, close or transfer all City of Corunna accounts.

### **Opening New Accounts**

The City Manager authorizes the Clerk/Treasurer to open new checking, savings, investment, and CD accounts on behalf of the City of Corunna. Disclosure of the existence of the new account will occur on the next month end financial reports.

### **Closing Accounts**

The City Manager authorizes the Clerk/Treasurer to close checking, savings, investment, and CD accounts on behalf of the City of Corunna. Disclosure of the closed account will occur on the next month end financial reports.

### **Account Transfers**

The City Manager authorizes the Clerk/Treasurer to transfer funds between any City of Corunna account, investment, or CD and will disclose such transfer in accordance with regularly accepted accounting practices.

### **Deposits**

The City Manager authorizes the Clerk/Treasurer to designate by whom and how deposits are made into any City of Corunna account, investment, or CD. All deposits will be conducted and recorded in accordance with regularly accepted accounting practices.

## **2.7 BANK RECONCILIATIONS**

The original bank statements are delivered to the Clerk/Treasurer, who then reconciles the statement within one (1) week of receiving the statement.

Once the bank account is reconciled, the statement along with the reconciliation report is stapled together and filed. Current year bank reconciliations and statements are filed in the Clerk/Treasurer's office and prior years are filed in storage room with monthly financial accountant statements.

## **2.8 BUDGETING**

An annual operating budget will be prepared by the City Manager and presented to the Council for approval not later than the third Monday of May prior to the beginning of the next fiscal year. The budget will reflect the revenues and expenditures for the next fiscal year.

The Council, as part of their financial responsibility, will review the budget of the City of Corunna. Approval of the budget by the Council will be authority for the City Manager to manage the City's finances according to the budget without seeking further approval of the Council. However, the City Manager will keep the Council well informed of the ongoing status of the budget, and will not make expenditures outside of the budget plan without seeking Council approval to amend the budget. Amendments to the budget will be presented to the Council for approval for any of the following reasons:

- The City of Corunna enters contracts that were not included in the approved budget.
- Management proposes a major expenditure that was not included in the approved budget.
- Significant unanticipated revenues are received or over expenditures occur.

## **2.9 CASH RECEIPTS/ACCOUNTS RECEIVABLE/UTILITY BILLINGS**

### **Cash Receipts**

Policy:

Someone other than the Clerk/Treasurer records cash receipts on a daily basis.

Procedure:

Mail received at City of Corunna:

1. All mail sorted by office staff (other than Clerk/Treasurer) into cash/checks, bills, general mail, etc.
2. Follow step one above for mail hand delivered at the office by the sender.

Cash/Checks Processing:

1. All cash and checks are recorded in the cash receipts book or on a utility bill, noting the date of receipt, whether it was cash or check, name of payee and the dollar amount.
2. All receipts and utility billings get entered into the Cash Receipts program.
3. All monies are stored in the locked cash register or in the office safe.
4. The Clerk/Treasurer or the Deputy Treasurer will make a deposit. The Deputy Treasurer prints out detailed reports and makes sure it balances with the deposit slip. The Deputy Treasurer gives the Clerk/Treasurer the deposit slip and detailed reports.
5. The Clerk/Treasurer reconciles the deposits at month end with the General Ledger.

## 2.10 DISHONORED CHECKS

“Dishonored Checks” refers to the non-payment of personal checks by banks on whom checks are drawn. Typically, this occurs for one or more of the following reasons:

- Refer to Maker
- Insufficient Funds
- Signature Missing or Incomplete
- Payment Stopped
- Account Closed
- Postdated
- Stale-dated

The maker of each dishonored check returned to City of Corunna will be assessed the current approved handling fee for each item returned.

- A. Checks are not re-deposited. A letter is sent to the maker requesting payment of the original check amount plus a bad check fee (refer to fee schedule) and informing the maker they have five (5) days to pay before the City of Corunna turns it over to the Police Department or shuts the water off if the bad check was for a water bill.
- B. City of Corunna does not accept post dated checks.

## 2.11 CHART OF ACCOUNTS

City of Corunna endeavors to keep in line with the generally accepted Chart of Accounts. A copy of the Chart of Accounts can be found in the Clerk/Treasurer’s office.

## 2.12 CHECK SIGNING

The City of Corunna provides the following guidelines for how an accounts payable check is approved for payment and who is authorized to sign checks.

### **Definitions**

Check signing authorization is defined as what personnel have authority to sign all City of Corunna checking account checks and in what amounts that authority is extended.

### **Check Request Process**

Any invoice, contract, or accounts payable requiring payment will require a completed Check Voucher. The Check Voucher will include the following information and will be attached to the invoice, contract, or other written document describing the account payable: Payee name and address, vendor number, amount, invoice number and date, description, general ledger number, and name of person submitting the check voucher .

### **Check Signing Authority**

The Council authorizes the City Manager and Clerk/Treasurer to sign any City of Corunna account check and requires both signatures and an approved Check Voucher.

## 2.13 CHECK SUPPLY CONTROL

City of Corunna will keep checks for all accounts in the Clerk/Treasurer’s office. The boxes are kept in a locked file cabinet until they are used. Access is limited to the person preparing the checks and the City Manager. Checks are not signed until all information is printed on the check and presented with proper documentation.

All checks are located in locked files under the control of the Clerk/Treasurer and are released only as needed to pay invoices. All checks should have an invoice and check voucher attached to the check before being presented for signature.

## 2.14 CREDIT CARD USAGE POLICY

The following policy shall govern the use of the City of Corunna credit cards:

1. The City Clerk/Treasurer is responsible for issuing, accounting for, monitoring, retrieving, and generally overseeing compliance with the city's credit card policy.
2. City credit cards (cards issued to the City of Corunna) may only be used by authorized employees of the City of Corunna or a city board/commission member for the purchase of goods or services relating to their work.
3. City of Corunna employees or board/commission members that use the city credit cards shall, within 24 hours (unless approved by the City Clerk/Treasurer), return the credit card and submit the credit card slip to the City Clerk/Treasurer. This credit card slip must contain the name of the vendor or entity from which goods or services were purchased, the date and amount of the transaction, the name of the department/board/commission that required the transaction and the GL# that the amount of the purchase will be taken from. The employee or board/commission member may make a copy of the credit card slip for their records.
4. An employee or board/commission member who is issued a credit card is responsible for its protection and custody. If a credit card is lost or stolen, the City Clerk/Treasurer must immediately be notified so the card can be cancelled.
5. The City Clerk/Treasurer shall review each credit card statement as soon as possible to ensure that the transactions comply with this policy. Any transactions that appear on statements that are not documented with a credit card slip shall be immediately investigated. Transactions that do not appear to comply with this policy shall be reported to the City Manager.
6. The City Clerk/Treasurer shall not approve a payment to the entity issuing the credit card until all transactions have been verified.
7. Employees who use a city credit card in a manner contrary to this policy shall be subject to any or all of the following disciplinary actions, as deemed appropriate by the City Manager:
  - Verbal counseling
  - Written reprimand
  - Reimbursement to the city for unauthorized expenditures
  - Suspension
  - Termination

## 2.15 CITY MANAGER LIMITATION

The City Manager may not risk financial losses to the City of Corunna beyond those that may occur in the normal course of business. The City Manager will:

- Ensure against embezzlement, casualty losses to full replacement value, and against liability losses (to council members, organization or staff) beyond the minimally acceptable prudent level.
- Ensure that all personnel with access to significant amounts of City of Corunna money are appropriately bonded.
- Ensure that facilities and equipment are properly maintained.
- Limit exposure of the City of Corunna Council or staff to claims of liability.
- Disburse funds only under controls sufficient to meet Council approval as well as the auditor's standards.

## 2.16 CONTRACT SIGNING AUTHORITY & RETENTION

The City Manager and/or Authorized Signer have authority to sign contracts. The Clerk/Treasurer will receive and keep on file a copy of all contracts.

## 2.17 COUNCIL/COMMISSION MINUTES

The Clerk/Treasurer keeps a copy of all Council/Commission minutes for use during the annual audit.

## 2.18 EMPLOYEE EXPENSES

Employees are reimbursed for expenses necessary to conduct activities related to carrying out the City of Corunna's mission.



Expenses, including mileage, are to be documented with receipts and explanations and submitted on a properly authorized check voucher to the Clerk/Treasurer. The City Manager shall have the authority to approve the check vouchers for all employees, and the Council shall have the authority to approve the check voucher for the City Manager. Reimbursements will be made at the time of the next check run.

## 2.19 FINANCIAL STATEMENT PREPARATION & DISTRIBUTION

Reports reflecting the financial condition of the City of Corunna will be presented to the City Manager monthly. These financial reports will include:

- Monthly statement of cash balances.
- Monthly revenue/expenditure statement for the month and year-to-date with comparison to the budget.

## 2.20 FISCAL YEAR

The fiscal year for the City of Corunna is July 1 to June 30.

## 2.21 INSURANCE/BONDING PROTECTION

The City Manager will recommend to the Council all necessary bonding of staff members who handle City of Corunna funds and recommend to the Council any appropriate insurance protection to protect the finances of City of Corunna.

## 2.22 PAYROLL

City of Corunna pays its regular employees on a bi-weekly basis. City of Corunna employees are now paid through direct deposit. The Clerk/Treasurer processes and prepares employment tax, quarterly and yearly payroll tax, including W-2 and W-3 generation. City of Corunna processes all payroll and reports.

Employee hiring and hourly information are kept on file with the Clerk/Treasurer.

At the end of the calendar year, the Clerk/Treasurer verifies all W-2, W-3, and 1099 information and finalizes the information. When W-2's are completed, the Clerk/Treasurer distributes them to current employees and mails to the last known address of former employees.

## 2.23 PETTY CASH

Petty Cash in the amount of \$200 is kept for expenses of an unexpected and limited nature. The petty cash is maintained in the Clerk/Treasurer's office. Petty cash requests are limited to purchases less than \$100. Employees requesting petty cash must go through the Clerk/Treasurer. The Clerk/Treasurer keeps this money in the safe and will release it only when the employee has signed a receipt for the amount the employee requests.

After the employee has made the purchase, they will return any unused petty cash along with the receipt. Normal authorization is required for any petty cash purchase.

Petty Cash Fund is reconciled at the end of each calendar month by the Clerk/Treasurer.

No borrowing from petty cash is allowed.

## 2.24 PROCUREMENT/QUOTATIONS

Informal bid between \$500 - \$5,000 does not need council approval. A formal bid for \$5,000 or more will come back to council even if it is budgeted.

Purchases less than \$1,000 do not require quotations or formal bids, but should be assessed for competitiveness on a regular basis.

Nonrecurring purchases less than \$5,000 but more than \$1,000 requires three price quotations. Recurring purchases in this range require assessment on an annual basis.

Purchases in excess of \$5,000 require three quotations or formal bids.

## 2.25 RECORD RETENTION

Accounting records are retained in accordance with the Michigan Municipal League Records Management Handbook. A copy of this document is kept in the Clerk/Treasurer's office.

## 2.26 ACCEPTANCE OF PAYMENTS BY FINANCIAL TRANSACTION DEVICE POLICY

POLICY: Financial transactions that may be made by a financial transmission device shall include real and personal property taxes and utility bills along with any other fee according to the City of Corunna's Fee Schedule (reviewed annually). Transactions will be accepted in the City Treasurer's Office, by phone, or online through Point and Pay, LLC.

## 2.27 AUTOMATED CLEARING HOUSE (ACH) ARRANGEMENTS AND ELECTRONIC TRANSACTIONS OF FUNDS POLICY

The following policy shall govern the use of electronic transactions and ACH arrangements for the City of Corunna:

### 1. Definitions

"Automated clearing house" or ACH" means a national and governmental organization that has authority to process electronic payments, including, but not limited to, the National Automated Clearing House Association and the Federal Reserve System.

An "ACH arrangement" means the agreement between the originator of the SCH transaction and the receiver of an ACH transaction.

An "ACH transaction" means an electronic payment, debit or credit transfer processed through an automated clearinghouse.

An "ACH policy" means the procedures and internal controls as determined under this written policy developed and adopted by the City of Corunna.

### 2. Authority to Enter into ACH Arrangements and Electronic Transfers of Public Funds

The Electronic Transactions Officer (ETO) may enter into an ACH arrangement as provided by Public Act 738 of 2002, effective December 30, 2002.

The City of Corunna shall not be a party of an ACH arrangement unless the City of Corunna has adopted a resolution to authorize electronic transactions and the ETO has presented a written ACH policy to council.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, Public Act 34 2001 (MCL 141.2101, *et seq.*), or to provisions of law or charter concerning the issuance of debt by a local unit.

### 3. Responsibility for ACH Agreements

The ETO is responsible for the City of Corunna ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.

The ETO shall submit to the City of Corunna documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the account distribution for each payment of public funds made by electronic transfer. This report may be contained in the city's electronic general ledger software system or in a separate report to the council.

#### 4. Internal Accounting Controls to Monitor Use of ACH Transactions

The following system of internal accounting controls will be used to monitor the use of ACH transactions made by the City of Corunna:

1. The business office will prepare a list of vendors authorized to be paid by ACH transaction and provide that list for approval.
2. The business office initiates the transaction upon receipt of an invoice included on the authorized ACH list approved by the ETO. ACH invoices must be approved before payment. The ETO or designee signs the ACH invoice, which then acts as the approval for the ACH transaction.
3. Following proper approval, the ETO will initiate the electronic transaction with the vendor and make the actual transfer of funds.
4. A separate list of the electronic payments shall accompany the disbursements for council approval.
5. The business office shall retain all invoices for audit purposes.

## 2.28 INTERGOVERNMENTAL BILLINGS

**POLICY:** The Administrative Officer of the City who receives a statement, invoice or other vendor request for payment regarding goods or services which must be billed to another governmental agency (i.e. Caledonia Township for fire department billings), shall submit the statement, invoice or vendor request to the City Clerk. The City Clerk, upon receiving the statements, invoices, vendor request or payroll, shall identify the cost allocation between the appropriate entities. The City Clerk shall at that time prepare an invoice to the appropriate entity in the proper amount and the same shall be mailed to the appropriate entity.

## 2.29 COMMITTEES/COMMISSIONS/BOARDS HANDLING OF REVENUE

**POLICY:** Any revenue generated by committees/commissions/boards during an event must be collected and counted by at least two, unrelated, persons. Each person must then initial a statement as to the amount of revenue to be deposited. If the committee/ commission/board has its own bank account to handle funds, the money and the revenue statement must be turned over to its treasurer, or his/her appointed representative, by the next business day. The treasurer must initial the revenue statement as well as anyone who handles the revenue. If the commission/committee/board does not have its own bank account to handle funds, the money and revenue statement must be turned over to the Corunna City Treasurer, or his/her appointed representative, on the next business day. The Corunna City Treasurer must initial the revenue statement as well as anyone handling the revenue. These are the minimum requirements for the handling of money by committees/commissions/boards. Each committee/commission/board may add procedures, as needed, to ensure the proper and safe handling of generated revenue.

## 2.30 FRAUD RISK MANAGEMENT POLICY

**POLICY:** The City of Corunna is committed to making sure that the opportunity for fraud, theft and corruption is reduced to the lowest possible risk. Systems and procedures for the prevention and detection of fraud and theft have been designed and implemented to ensure a culture and environment that promotes honesty and ethical behavior.

As an important part of this commitment, this policy will serve to advise and guide the City Council, Boards, Commissions, employees, and volunteers on the City's approach to these serious issues. All individuals connected with the City are expected to be fair and honest, and to provide the City any help, information and support necessary to deal with fraud, theft and corruption.

In order to combat fraud, theft and corruption, it is essential that there are clear, written policies and procedures and that these documents are reviewed regularly to address changes in the business and working environment.

The City Manager is responsible for assuring that suitable levels of internal checks and balances are included in work procedures, particularly financial procedures.

City of Corunna expects all employees, suppliers, and contractors to be honest and fair in their dealings with the City, and employees and Council members are expected to lead by example in these matters. Dishonest and/or illegal activity will not be tolerated.

Employees play a vital role in dealing with fraud, theft and corruption. City of Corunna encourages employees to report any suspected fraud, theft, and corruption.

All information will be dealt with fairly and confidentially, and the City of Corunna will make every effort to protect the identity of the person(s) providing the information.

The response to any report of fraud, theft or corruption will be effective and organized. The City of Corunna will deal firmly and quickly with anyone who is responsible for fraud, theft or corruption.

The City Manager in consultation with the City Council will decide on the type and course of the investigation. This will include referring matters to the police if criminal activity is suspected. The City will prosecute, and/or carry out disciplinary action up to and including termination of employment.

The investigative process should not be misused, and therefore, any abuse, such as raising unfounded malicious allegations, will be addressed as a separate disciplinary matter.

The key to a successful Fraud Risk Management Policy is training and awareness. It is expected that employees read, understand and comply with the policy manual and any procedures that apply to them. Disregard for these policies and procedures may lead to formal disciplinary action, up to and including termination of employment.

City of Corunna will provide training for employees and trustees who are involved in and/or manage internal control systems (particularly all financial procedures) to assure that their responsibilities are regularly reviewed and reinforced.

## 2.31 IDENTITY THEFT PREVENTION POLICY AND PROGRAM

This policy establishes an Identity Theft Prevention Program designed to detect, prevent and mitigate identity theft in connection with the opening of a covered account or an existing covered account and to provide for continued administration of the Program in compliance with the Federal Trade Commission's Red Flags Rule (Part 681 of Title 16 of the Code of Federal Regulations) implementing Sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA) of 2003.

Under the Red Flag Rule, every financial institution and creditor is required to establish an "Identity Theft Prevention Program" tailored to its size, complexity and the nature of its operation. Under the law, each program must contain reasonable policies and procedures to:

1. Identify relevant Red Flags for new and existing covered accounts and incorporate those Red Flags into the Program;
2. Detect Red Flags that have been incorporated into the Program;
3. Respond appropriately to any Red Flags that are detected to prevent and mitigate Identity Theft; and
4. Ensure the Program is updated periodically, to reflect changes in risks to customers or to the safety and soundness of the creditor from Identity Theft.

## Definitions

Identifying information means any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, unique electronic identification number, computer's Internet Protocol address, or routing code.

Identify theft means fraud committed or attempted using the identifying information of another person without authority.

A covered account means:

1. An account that a financial institution or creditor offers or maintains, primarily for personal, family, or household purposes that involves or is designed to permit multiple payments or transactions. Covered accounts include credit card accounts, mortgage loans, automobile loans, margin accounts, cell phone accounts, utility accounts, checking accounts and savings accounts; and
2. Any other account that the financial institution or creditor offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the financial institution or creditor from identity theft, including financial, operational, compliance, reputation or litigation risks.

A red flag means a pattern, practice, or specific activity that indicates the possible existence of identity theft.

## Policy

A. IDENTIFICATION OF RED FLAGS. The City identifies the following red flags, in each of the listed categories:

1. Suspicious Documents
  - Identification document or card that appears to be forged, altered or inauthentic;
  - Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document;
  - Other document with information that is not consistent with existing customer information (such as if a person's signature on a check appears forged); and
  - Application for service that appears to have been altered or forged.
2. Suspicious Personal Identifying Information
  - Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates);
  - Identifying information presented that is inconsistent with other sources of information (for instance, an address not matching an address on a credit report);
  - Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
  - Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
  - Social security number presented that is the same as one given by another customer;
  - An address or phone number presented that is the same as that of another person;
  - A person fails to provide complete personal identifying information on an application when reminded to do so (however, by law social security numbers must not be required); and

- A person's identifying information is not consistent with the information that is on file for the customer.

3. Suspicious Account Activity or Unusual Use of Account
  - Change of address for an account followed by a request to change the account holder's name;
  - Payments stop on an otherwise consistently up-to-date account;
  - Account used in a way that is not consistent with prior use (example: very high activity);
  - Mail sent to the account holder is repeatedly returned as undeliverable;
  - Notice to the City that a customer is not receiving mail sent by the City;
  - Notice to the City that an account has unauthorized activity;
  - Breach in the City's computer system security; and
  - Unauthorized access to or use of customer account information.

4. Alerts from Others
  - Notice to the City from a customer, identity theft victim, law enforcement or other person that it has opened or is maintaining a fraudulent account for a person engaged in Identity Theft.

**B. DETECTING RED FLAGS**

1. New Accounts. In order to detect any of the Red Flags identified above associated with the opening of a new account, City personnel will take the following steps to obtain and verify the identity of the person opening the account:
  - Require certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, driver's license or other identification;
  - Verify the customer's identity (for instance, review a driver's license or other identification card);
  - Review documentation showing the existence of a business entity; and/or
  - Independently contact the customer.
2. Existing Accounts. In order to detect any of the Red Flags identified above for an existing account, City personnel will take the following steps to monitor transactions with an account:
  - Verify the identification of customers if they request information (in person, via telephone, via facsimile, via email);
  - Verify the validity of requests to change billing addresses; and
  - Verify changes in banking information given for billing and payment purposes.

**C. PREVENTING AND MITIGATING IDENTITY THEFT.** In the event City personnel detect any identified Red Flags, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the Red Flag:

1. Prevent and Mitigate
  - Continue to monitor an account for evidence of Identity Theft;
  - Contact the customer;
  - Change any passwords or other security devices that permit access to accounts;
  - Not open a new account;
  - Close an existing account;
  - Reopen an account with a new number;
  - Notify the Clerk/Treasurer for determination of the appropriate step(s) to take;
  - Notify law enforcement; and/or
  - Determine that no response is warranted under the particular circumstances.
2. Protect customer identifying information

- In order to further prevent the likelihood of identity theft occurring with respect to City accounts, the City will take the following steps with respect to its internal operating procedures to protect customer identifying information:
- Ensure that its website is secure or provide clear notice that the website is not secure;
- Ensure complete and secure destruction of paper documents and computer files containing customer information;
- Ensure that office computers are password protected and that computer screens lock after a set period of time;
- Keep offices clear of papers containing customer information;
- Request only the last 4 digits of social security numbers (if any);
- Ensure computer virus protection is up to date; and
- Require and keep only the kinds of customer information that are necessary for utility purposes.

D. **PROGRAM UPDATES.** This Program will be periodically reviewed and updated to reflect changes in risks to customers and the soundness of the City from Identity Theft. The City Clerk/Treasurer will consider the City's experiences with Identity Theft situations, changes in Identity Theft methods, changes in Identity Theft detection and prevention methods, changes in types of accounts the City maintains and changes in the City's business arrangements with other entities. After considering these factors, the City Clerk/Treasurer will determine whether changes to the Program, including the listing of Red Flags, are warranted. If warranted, the City Clerk/Treasurer will present the City Council with recommended changes and the Council will make a determination of whether to accept, modify, or reject those changes to the Program.

E. **PROGRAM ADMINISTRATION**

1. **Oversight.** The City Clerk/Treasurer will be responsible for the Program administration, for ensuring appropriate training of staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating Identity Theft, determining which steps of prevention and mitigation should be taken in particular circumstances and considering periodic changes to the Program.
2. **Staff Training and Reports.** City staff responsible for implementing the Program shall be trained either by or under the direction of the City Clerk/Treasurer in the detection of Red Flags, and the responsive steps to be taken when a Red Flag is detected. Staff is required to provide reports to the Program Administrator on incidents of Identity Theft, the City's compliance with the Program and the effectiveness of the Program.
3. **Specific Program Elements and Confidentiality.** For the effectiveness of Identity Theft prevention Programs, the Red Flag Rule envisions a degree of confidentiality regarding the City's specific practices relating to Identity Theft detection, prevention and mitigation. Therefore, under this Program, knowledge of such specific practices is to be limited to those employees who need to know them for purposes of preventing Identity Theft. Because this Program is to be adopted by a public body and thus publicly available, it would be counterproductive to list these specific practices here. Therefore, only the Program's general red flag detection, implementation, and prevention practices are listed in this document.

## 2.32 CAPITAL ASSET MANAGEMENT POLICY

The following guidelines should be used when determining if an asset should be capitalized.

- Land
- Buildings
- Improvements
- Construction in Progress
- Equipment purchases costing greater than \$2,500.00.
- New purchases costing greater than \$2,500.00.
- Item must have an estimated useful life greater than one year.

Once a decision has been made to capitalize an asset, the following steps should be taken to account for the asset.

- The asset information shall be given to the Clerk/Treasurer so the current capital asset schedule can be updated.
- The Clerk/Treasurer then forwards the current capital asset schedule to the auditors to calculate year end journal entries.
- Asset depreciation shall be calculated using the straight-line method.

The following information shall be maintained for all capital assets:

- Fund
- Asset Number
- Description
- Asset Classification (land, building, equipment)
- Location (site, building, and room)
- Date of Purchase
- Purchase Price
- Serial Number/Model Number
- Estimated Life of Asset

## ARTICLE III - UTILITY POLICIES (INCLUDES REFUSE)

### 3.1 BILLING PROCEDURES:UTILITY BILLINGS

Utility Billings are processed quarterly. The utility department will not make a change to the name without the proper paperwork. The forms that may need to be completed and signed are Utility Change of Account Information for New Owner, Notice of Responsibility Form, or Utility Form – Renter Moving Out. The Council shall have the power to fix, from time to time, such just and equitable rates as may be deemed necessary for providing water, sewer and refuse services to the inhabitants of the City of Corunna.

POLICY:

1. Meters are read at the beginning of the month after the quarter ending.
2. The utility department mails the bills by the 20<sup>th</sup> of the month after the quarter ending.
3. The utility bills will be due the second Monday of the following month after they are mailed. Payments can be made at Corunna City Hall, by mail, on-line, over the phone, or placed in the drop box located at Corunna City Hall. Payments in the drop box before 8:00 am will be considered received on the previous day. Payments received through the mail must be at City Hall on-time to avoid penalty. ~~Post marked envelopes are considered on time.~~
4. A penalty will be applied on the day following the due date. Failure to receive a utility bill shall not be grounds for avoiding the 10% penalty.
5. Delinquency notices will be mailed out the Thursday following the due date and be due in four weeks falling on a Monday.
6. The actual shut-off process will begin immediately on the following Tuesday after the delinquency notice due date and apply applicable fees.

### 3.2 SHUT-OFF/DELINQUENCY POLICY

POLICY: If utility bill is not paid in full by the said due date, applicable fees will be applied to utility account. If property is a water and sewer account, the water will be shut-off immediately following the due date. To turn the water back on, the balance plus applicable fees must be paid in full. If they are a property owner, not a renter, they may opt to put the delinquent utility bill on their next property taxes. The property owner must fill out the Authorization Form to put Utility Billing Onto Taxes. If the property is a sewer only account, applicable fees will be



added to the balance. All unpaid balances, plus penalties and delinquency fees for all utility bills will be transferred onto the next property tax bill without notice.

### 3.3 DEPARTMENT OF HUMAN SERVICES (DHS) AND ANY THIRD PARTY POLICY

POLICY: The City of Corunna will not be a part of any DHS arrangements or any other third party arrangements the utility customer may have. The customer can make arrangements with DHS or any other third party, but must provide the City of Corunna a copy of their State Emergency Relief Decision Notice in order to not be shut-off. If the water is shut-off prior to the customer providing the notice, the water will remain off until the City of Corunna receives the payment in full.

### 3.4 BILLING PROCEDURES: UTILITY CUSTOMERS OVERTIME SERVICES

POLICY: On the occasion when an employee of the Public Works Department is required to attend to a call for service and such call for service is outside normal working hours of that employee through either an extension of the employee's workday or call back procedures, the utility customer shall be billed for the salary and wage costs as per the City Fee Schedule. For callbacks, the minimum charge shall be for the two (2) hour call back time plus all additional time worked.

On the occasions where contractors request the presence of departmental personnel beyond the normal workday due to construction needs, wage costs plus overhead charges, (fringes, equipment, etc.) as determined by the Superintendent of Public Works will be charged as per the City Fee Schedule. The Superintendent of Public Works shall notify the City Clerk/Treasurer of authorization to bill utility customers within ten (10) days from the date of service.

### 3.5 ADJUSTMENT OF UTILITY BILLINGS

RATIONALE: On occasion, utility customers complain that they did not use the amount of water they were billed. This policy will establish a procedure to follow for the administrative staff in handling such complaints.

POLICY:

1. First of all, meters cannot read high.
2. When a complaint of high consumption of water/sewer is received at City Hall, administrative staff will first determine if there has been a substantial increase in consumption based on the history. If the read does appear to be higher than average then staff will ask the resident if anything out of the ordinary happened. (Ex: holiday, watering outside, car washing, pool filled, sprinklers running, faucet left on, water softener running longer, extra guests, etc)
3. Staff will create a work order to have the meter reading checked. If there appears to be an error, adjustments will be made on the next quarterly billing.
4. If the read is correct, there has to be a leak after the meter location. (Ex: toilet, sink, outside faucets, etc.) The resident is responsible to repair this leak.
5. If the customer is still not satisfied, they may take their complaint to the Corunna City Council. No utility bill shall be adjusted without the basis for same confirmed by this procedure unless authorized by the City Council.

### 3.6 UTILITY BILLING CREDITS

POLICY: Sewer credits will be issued on utility bills for sewer usage that does not go into the sewer system such as, but not limited to, filling a pool, watering a garden, or a break in a water pipe. The sewer credit will be estimated by the utility billing clerk using the utility account's average usage.

Water credits will be issued to customers who experience a water line break after their meter. The customer shall be credited the water commodity charge for the estimated amount of water loss (actual read less historical use) not to exceed 200k gallons of usage. This credit will all be applied against their sewer commodity charge in cases where the water loss enters the sanitary sewer system. For cases in which the water loss does not enter the sanitary sewer system, 100% of the estimated amount of water loss will be credited against their sewer commodity charge. These credits will not be granted for repeat occurrences of the customer water break.

### 3.7 UTILITY BILLING REFUNDS/UNDERCHARGE POLICY

POLICY: If there is a clerical error in the utility bill, the city may go back up to two (2) years to calculate the refund amount. The city may also go back up to two (2) years if a utility account was found to be undercharged.

### 3.8 FINAL UTILITY BILL POLICY: NEW OWNER

RATIONALE: Final utility bills will be processed once the utility department has the accurate paperwork. The new owner must fill out and sign the form for Utility Change of Account Information for New Owner.

POLICY:

1. Once the proper paperwork has been filed with the utility department, a final read will be submitted to the water department.
2. Once the final read is completed the utility department will process a final utility bill . The final bill will be mailed to the previous property owner and new property owner. The utility department will give approximately three weeks to pay this final utility bill.
3. If not paid by the due date, a 10% penalty will be applied. The utility department will mail a shut-off notice to the new property owner. The utility department will give approximately two weeks to pay this shut-off notice.
4. If the shut-off notice is not paid by the due date, a delinquency fee will be applied to this account and the outstanding balance will be transferred onto the next property tax bill without notice.

### 3.9 FINAL UTILITY BILL POLICY: OWNER WITH RENTAL

RATIONALE: Final utility bills will be processed once the utility department has the accurate paperwork. The renter or owner must fill out and sign the form for Utility Form – Renter Moving Out.

POLICY:

1. Once the proper paperwork has been filed with the utility department a work order for a final read will be submitted to the water department.
2. Once the final read is completed the utility department will process a final utility bill . The final bill will be mailed to the previous renter and the property owner. The utility department will give approximately three weeks to pay this final utility bill.
3. If not paid by the due date, a 10% penalty will be applied. The utility department will mail a shut-off notice to the property owner. The utility department will give approximately two weeks to pay this shut-off notice.
4. If the shut-off notice is not paid by the due date, a delinquency fee will be applied to this account and the outstanding balance will be transferred onto the next property tax bill without notice.

### 3.10 RENTAL PROPERTY POLICY

POLICY: If the property owner wants to put the renter's name on the utility bill, they must complete and sign the Notice of Responsibility Form. The owner must choose between Option A, Option B, or Option C. If a unit has one

shut-off with more than one unit, the name on the utility bill must remain in the property owner's name. The city cannot shut-off a whole unit due to one renter not paying.

#### OPTIONS:

1. Option A – The property owner will be responsible for the utility bill and requires that it go in the renter's name. The property owner also decides the amount of the deposit required. The City of Corunna has a recommended amount disclosed on the form, but the property owner may choose an alternative amount. The utility bill and shut-off notice will then go to the property owner and the renter.
2. Option B – The property owner chooses to have the renter be responsible for the utility bill and be put in the renter's name. This option makes the city liable for any unpaid balance, therefore; the City of Corunna will require a deposit as stated on the form. The utility bill and shut-off notice will then go to the property owner and the renter.
3. Option C – The property owner refuses to sign the Notice of Responsibility form and the name will remain in the property owners name making the property owner responsible for the utility bill.

### 3.11 RENTAL DEPOSIT POLICY

POLICY: If the property owner requires a rental deposit, it will be applied to the renters account. Once the renter moves out the rental deposit will be applied to the final utility bill and any other outstanding utility bills. If there is a credit on the account after all utility bills are paid in full, the City of Corunna will refund the credit to the renter.

### 3.12 LEASE AGREEMENT AND/OR OPTION TO PURCHASE AND/OR RENT TO OWN POLICY

POLICY: A lease agreement and/or option to purchase and/or rent to own does not transfer ownership. These agreements are considered a rental. Follow the Rental Property Policy for these agreements.

### 3.13 LAND CONTRACT POLICY

POLICY: If new owner is purchasing the property on a land contract, it is not considered a rental. At that point the previous owner has become the banker for the new owner. We must have a copy of the land contract and the new owner must complete and sign the Utility Change of Account Information for New Owner before transferring ownership. Only the new owner will receive copies of the utility bill and shut-off notices. If the utility bill becomes delinquent, they go into default on the land contract and the previous property owner now has the property back, the previous property owner is now liable for the delinquent utility account. If the unpaid balance does not get paid in full, the unpaid balance will go onto the next tax bill without notice.

If the land contract goes into default, the city will need the previous owner to complete and sign Utility Change of Account Information for New Owner to change the name and billing on the utility bill. To change the name and billing information on a tax bill the city will need one of the following:

- A. Quit Claim Deed
- B. Judgment from Court
- C. Abandonment Ruling

### 3.14 RECONNECT FEE POLICY

POLICY: Reconnect fee will be applied to those accounts that have the water shut-off due to being vacant or sewer accounts that have been delinquent and/or vacant. If someone purchases the property at a state sale, the city will remove the delinquent utilities required by the state law, but they will have a reconnect fee (see fee schedule) that must be paid in full prior to turning the water on.

## **ARTICLE IV - REFUSE POLICIES**

### **4.1 REFUSE OPT OUT POLICY**

POLICY: The city invented the “opt out” for those that use only one bag per week or less. Owner-occupied properties must have a weekly service, this is city ordinance #07-02. If someone opts out of the city curbside service, they must have backdoor pickup from a private contractor or transport it themselves. When the Option Declaration Form is returned to the city and they choose to opt out, ask who their provider is so we can be sure no one is abusing the system and not dumping illegally. Owner-occupied properties may opt out of the city refuse service once a year. Property owners found to be in violation of the requirements of private backdoor refuse pickup (opt out), shall be automatically and involuntarily assigned to the city curbside refuse pickup.

### **4.2 VACANTS & RENTALS REFUSE POLICY**

POLICY:

1. Vacant property and rental property are required to have the city refuse service unless in the commercial district. Commercial district can opt into the city refuse service or get their own private backdoor service.
2. Family rentals can be bag tag or opt out. A family rental is considered to be parents or children of the property owner.
3. If the landlord resides next to the rental, the landlord and rental unit can be bag tag or opt out.
4. If a multi-family unit with one being owner-occupied, the owner is allowed to opt out and bag tag or opt out is allowed for the other units.

### **4.3 TRANSFER OF OWNERSHIP POLICY**

POLICY: If a house is purchased by a new owner, it is automatically opted into the city refuse service for the remainder of the year. They may choose to opt out from the city refuse service once a year between June 1 to June 15.

### **4.4 DELINQUENCY CHARGES**

POLICY: If the utility bill is only for refuse, the only delinquent charges it may receive is the 10% penalty. It will not be charged the delinquency fee. All unpaid balances will be transferred onto the next property tax bill without notice.

### **4.5 REFUSE REFUND/UNDERCHARGED POLICY**

POLICY: If there is a clerical error in the refuse billing, the city may go back up to two (2) years to calculate the refund amount. The city may also go back up to two (2) years if the refuse account was found to be undercharged.

## **ARTICLE V - INVESTMENT POLICY**

### **5.1 GOVERNING AUTHORITY**

*Purpose*

It is the policy of the City of Corunna to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes and local statutes governing the investment of public funds.

### **5.2 SCOPE**

This investment policy applies to all financial assets of the City of Corunna, excluding the investment of employees' retirement funds. These assets are accounted for in the various funds of the City and include:  
General Fund

Special Revenue Funds  
Capital Project Funds  
Enterprise Funds  
Trust and Agency Funds  
Debt Service Funds  
Any new fund created by the legislative body

### 5.3 GENERAL OBJECTIVES

The primary objectives, in priority order, of the City of Corunna's investment activities shall be safety, liquidity, and yield:

#### 1. *Safety*

Safety of principal is the foremost objective of the investment program. Investments of the City of Corunna shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

##### a. Credit Risk

The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section VII of this Investment Policy
  - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with Section V
  - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

##### b. Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see section VIII).

#### 2. *Liquidity*

The City's investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

#### 3. *Yield*

The City of Corunna's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

#### 4. *Local Considerations*

Where possible, funds may be invested for the betterment of the local economy or that of local entities within the State. The City of Corunna may accept a proposal from an eligible institution which provides for a reduced rate of interest provided that such institution documents the use of deposited funds for community development projects.

### 5.4 STANDARDS OF CARE

#### 1. *Prudence*

Investments shall be made with judgment and care, under 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 the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” and/or “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### 2. *Ethics and Conflicts of Interest*

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

#### 3. *Delegation of Authority*

Authority to manage the investment program is granted to the City Clerk/Treasurer and derived from the following: City Treasurer per MCL 87.11. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### 5.5 AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS

#### 1. *Authorized Financial Institutions, Depositories, and Broker/Dealers*

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by

creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Certification of having read and understood and agreeing to comply with the [entity's] investment policy.
- Evidence of adequate insurance coverage.

## 2. *Minority and Community Financial Institutions*

From time to time, the investment officer may choose to invest in instruments offered by minority and community financial institutions. In such situations, a waiver to certain parts of the criteria under Paragraph 1 may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state or local law. These types of investment purchases should be approved by the appropriate legislative or governing body in advance.

## 5.6 SAFEKEEPING AND CUSTODY

### 1. *Delivery vs. Payment*

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

### 2. *Safekeeping*

Securities will be held by a [centralized] independent third-party custodian selected by the entity as evidenced by safekeeping receipts in the City of Corunna's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

### 3. *Internal Controls*

The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Corunna are protected from loss, theft or misuse. Details of the internal controls system shall be documented in an investment procedures manual and shall be reviewed and updated annually. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls structure shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Dual authorizations of wire transfers

- Development of a wire transfer agreement with the lead bank and third-party custodian

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures or alternatively, compliance should be assured through the City’s annual independent audit.

## 5.7 SUITABLE AND AUTHORIZED INVESTMENTS

### 1. *Investment Types*

Consistent with the State and Local Laws Concerning Investment Practices, the following investments will be permitted by this policy and are those defined by state and local law where applicable:

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available;
- U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value;
- Certificates of deposit and other evidences of deposit at financial institutions,
- Bankers' acceptances;
- Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency;
- Investment-grade obligations of state, provincial and local governments and public authorities;
- Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

Investment in derivatives of the above instruments shall require authorization by the appropriate governing authority.

### 2. *Collateralization*

Where allowed by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

## 5.8 INVESTMENT PARAMETERS

### 1. *Diversification*

It is the policy of the City of Corunna to diversify its investment portfolios. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in all City of Corunna’s funds shall be diversified by maturity, issuer, and class of security. Diversification strategies shall be determined and revised periodically by the investment committee/investment officer for all funds except for the employee retirement fund.

In establishing specific diversification strategies, the following general policies and constraints shall apply: Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity.

For cash management funds:

- Liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments or marketable U.S. Treasury bills.



- Positions in securities having potential default risk (e.g., commercial paper) shall be limited in size so that in case of default, the portfolio's annual investment income will exceed a loss on a single issuer's securities.
- Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.
- The investment committee/investment officer shall establish strategies and guidelines for the percentage of the total portfolio that may be invested in securities other than repurchase agreements, Treasury bills or collateralized certificates of deposit. The committee shall conduct a quarterly review of these guidelines and evaluate the probability of market and default risk in various investment sectors as part of its considerations.

## 5.9 REPORTING

### 1. *Methods*

The investment officer shall prepare an investment report monthly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the month. This management summary will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the entity's chief administrative officer, the legislative body, the investment committee and any pool participants. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
- Listing of investment by maturity date.
- Percentage of the total portfolio which each type of investment represents.

### 2. *Performance Standards*

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken, and the benchmarks shall have a similar weighted average maturity as the portfolio.

### 3. *Marking to Market*

The market value of the portfolio shall be calculated at least quarterly and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." (See GFOA Recommended Practices in Appendix.) In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

## 5.10 POLICY CONSIDERATIONS

### 1. *Exemption*

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

### 2. *Amendments*

This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officer and any other appropriate authority, as well as the individuals charged with maintaining internal controls.

**EMPLOYEE'S COPY**

(Keep for your records)

**ADOPTION BY CITY COUNCIL**

The Corunna City Council, at a regular meeting held on June 15, 2015, duly adopted these Administrative Policies and any changes hereto. They shall remain in full force and effect until such time as they may be amended or repealed by the City Council or City Manager.

**ACKNOWLEDGMENT AND AGREEMENT**

I acknowledge and agree that I am aware of the City of Corunna's current Administrative Policies. I also understand that I am required to comply with The City of Corunna's Administrative Policies, and that I am required to sign this document as a receipt that I have received the Administrative Policies and explanations. My employer is required to provide me with a copy of this signed receipt and to retain the original in my employee personnel file.

**Acknowledged and Agreed (Administrative Policies):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print your name here

\_\_\_\_\_  
Date



**EMPLOYER'S COPY**  
**(Return to Employer)**

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