



MEMORANDUM

TO: Members of the Finance Committee

FROM: Rich Olson, City Manager
Sarah E. Blanchard, Finance Director

DATE: July 27, 2016

REF: Consideration – Call for a Public Hearing to be held on August 22, 2016 to adopt an Ordinance amending the City Code to comply with state law concerning the use of cash as a form of payment

BACKGROUND:

During the 2015 session of the North Carolina General Assembly, Session Law 2015-246 (House Bill 44) was ratified and signed into law. Several amendments were made to NCGS 159-28 "Budgetary accounting for appropriations," one of which concerns the use of cash as a form of payment. The following is an excerpt from the law showing the amendments in an add-delete format:

NCGS 159-28.(d) Payment. - A local government or public authority may not pay a bill, invoice, salary, or other claim except by any of the following methods:

- (1) ~~a check~~ Check or draft on an official ~~depository,~~ depository.*
- (2) ~~a bank~~ Bank wire transfer from an official ~~depository,~~ depository.*
- (3) ~~or an electronic~~ Electronic payment or an electronic funds transfer originated by the local government or public authority through an official depository.*
- (4) Cash, if the local government has adopted an ordinance authorizing the use of cash, and specifying the limits of the use of cash.*

You will note that NCGS 159-28.(d)(4) now makes it necessary for local governments to adopt an ordinance establishing the specifics for using petty cash as a form of payment. This requirement became effective October 1, 2015 and applies to expenditures incurred on or after that date.

ANALYSIS:

Staff has drafted an ordinance, which represents the City's current policy and practice with regard to petty cash. (The section of the Code wherein the ordinance will be located has not been completed at this time due to pending decision on the recodification and/or continuing use of the 2005 Code.) It should be noted that the City's Purchasing Manual already contained the City's policy with regard to Petty Cash.

Currently, petty cash has been authorized for use at the following locations: Knobbs Creek Recreation Center, South Park Athletic Complex, the Police Department and the Customer Service Department.

STAFF RECOMMENDATION:

By motion, recommend that the City Council call for a public hearing to be held on August 22, 2106 at 7:30 p.m. (or as soon thereafter as the agenda allows) to adopt an ordinance amending the City Code to comply with state law concerning the use of cash as a form of payment.

RCO/vdw

ORDINANCE # 2016-08-_____
AMENDING THE CODE OF ORDINANCES OF THE CITY OF ELIZABETH CITY
(Chapter and Section To Be Determined Prior to Adoption)
ESTABLISHING PETTY CASH AS A FORM OF PAYMENT

WHEREAS, during the 2015 session of the North Carolina General Assembly, Session Law 2015-246 was ratified and signed into law; and

WHEREAS, among the provisions included in Session Law 2015-246 was an amendment to NCGS-159-28 requiring adoption of an ordinance by local governments authorizing the use of and specifying the limits for the use of cash as a form of payment; and

WHEREAS, in accordance with these requirements, the City Council ordains that the following addition to Chapter _____, incorporating the new Article _____, is adopted into the City of Elizabeth City Code of Ordinances:

Section I. Petty Cash

The use of petty cash as a form of payment expedites minor purchases and minimizes accounting costs. Expenditures of twenty-five dollars (\$25) or less (including sales tax) can be made through the use of petty cash. Petty cash shall only be used when the expenditure is clearly for a public purpose as defined by the North Carolina Constitution and the individual initiating its use is certain that the funds have been appropriated. Petty cash may not be used for purchases that exceed the \$25 limit without the prior approval of the Finance Director or his/her designee.

SECTION II. EFFECTIVE DATE: This Ordinance shall take effect immediately upon adoption.

SECTION III. CODIFICATION. The provisions of this Ordinance shall be published as appropriate in the City of Elizabeth City Code of Ordinances as soon as practicable after its adoption.

SECTION IV. SEVERABILITY CLAUSE. If any section, or part of provision of this Ordinance is declared unconstitutional or invalid by a court of competent jurisdiction, then it is expressly provided and it is the intention of the City Council of the City of Elizabeth City in passing this Ordinance that its parts shall be severable and all other parts of this Ordinance shall not be affected thereby and they shall remain in full force and effect.

SECTION V. All ordinances and sections of the Elizabeth City Code, and parts thereof, inconsistent herewith be and the same hereby are repealed to the extent of such inconsistencies.

READ, CONSIDERED, AND ADOPTED at a regular meeting of the City Council

of the City of Elizabeth City, North Carolina, during which a quorum was present, held on the _____ day of _____, 2016.

Joseph W. Peel
Mayor

ATTEST:

Vivian D. White, CMC/NCCMC
City Clerk