

CITY OF YACHATS

<p>Administrative Policy No. 17 Purchasing, Accounts Payable and Accounts Receivable Processing and Financial Reporting</p>

OBJECTIVES

To describe procedures, controls and accounting that will ensure the proper expenditure of City funds for goods and services necessary for the operation of the City of Yachats; and to provide for procedures, controls and accounting of funds received by the City to ensure that revenues are properly collected and accounted for.

ACCOUNTS PAYABLE PROCESSING

Invoices received will be scrutinized by accounting personnel for validity of the vendor, purchase, amount and actual receipt of goods or services. Payment will be made according to the invoice, with monthly statements used for reconciliation purposes.

Invoices for goods and services other than regular monthly bills (i.e. utility bills, phone bills, etc.) will be referred to department heads for review and to determine the fund and budget line item to which they will be charged.

The obligations of the City of Yachats are to be paid when due, or before due if there is a cash incentive for early payment. The accounts payable for the previous fiscal period are presented to council for approval at their regular mid-month meeting. The summary "bills for approval" worksheet will be provided to councilors with a control report showing the details of each expenditure for the period. Accounts payable checks are processed on the first of the month and the Friday following the council meeting. All City checks require two signatures, and the documentation for each check will be attached to the check for review. Payroll checks are separate from accounts payable checks and are paid on the 15th and the last day of the month. Payroll liabilities and meter postage are paid by automatic withdrawal from the City checking account. Payroll checks and automatic withdrawals are not included in the control report.

City Council may appoint a financial liaison, typically the Council President, to meet with the Public Works Director and City Recorder (department heads) and the Deputy City Recorder (accounting personnel) prior to the Council meeting to review the bills for approval. All invoices would be available for inspection during the meeting.

Purchase orders are not required but may be issued by the City Recorder or Public Works Director if necessary.

ACCOUNTS RECEIVABLE PROCESSING

Payments received will be processed through the cash receipts software, utility billing software and/or through the epay system. Accounting will retain the daily cash receipts journal, utility batch reports and epay batch reports.

Credit adjustments made to utility accounts will be recorded on a credit form and approved by the City Recorder before being entered into the computer.

FINANCIAL REPORTING

Each month the City Recorder reconciles cash in banks, investment accounts, accounts payable, accounts receivable and payroll. Taxes received are reconciled quarterly and other non-utility receipts are reconciled annually to the general ledger.

Detailed records of monthly reconciliations are stored for audit and accounting record-keeping purposes, including monthly trial balance, general ledger, balance sheet and statement of revenues and expenditures for all funds. At fiscal year end, a general ledger report for the year will be added to these records and provided to the auditor.

After reconciliation of each month, department heads and the Council will be provided copies of the statement of revenues and expenditures for the year to date.