

## **CITY OF DOTHAN, ALABAMA**

### **STANDARD OPERATING GUIDELINE - NO. 1**

#### **ACCOUNTING PROCEDURES GENERAL CASH RECEIPTS AND DISBURSEMENTS**

##### **I. PURPOSE**

- A. To establish guidelines and procedures to be followed in the processing of all cash receipts.
- B. To establish a guideline for the management and collection of ALL accounts receivable and amounts due the City of Dothan.

##### **II. GUIDELINE**

- A. All cash receipts received before 2 p.m. will be deposited the same day except funds received on Saturday, Sunday, or holidays which will be deposited on the following work day.
- B. All checks shall be endorsed "For Deposit Only, City of Dothan" and deposited into the City of Dothan's account at the bank designated for said funds located in Dothan, Alabama.
- C. The practice of spending or the personal use of funds not deposited is strictly prohibited.
- D. All cash shall be deposited in City of Dothan depositories (financial institutions) provided and authorized by the Code of Ordinances.
- E. Department Heads will be responsible to insure that monies are received prior to the sale of any goods or performance of any service, with the exception of Dothan Utility customers which are billed monthly according to consumption.
- F. Circumstances will necessitate the Department Head to grant an extension of credit (Accounts Receivable Customers), but such considerations will be minimized by rigid discipline in its use. The Accounting Division of the Finance Department will be responsible for maintaining a list of outstanding receivables. Regular billings will be mailed. Dothan Utility customers are subject to additional requirements as specified by the Code of Ordinances. Credit extended to account receivable customers will be conducted as follows:

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1. The Department Head will oversee the generation of the respective Department's account receivable invoices and must insure that the accounts receivable customer has the authority to incur a legal debt in the name of the debtor.
2. The Department Head will be responsible to insure that invoices are prepared immediately upon completion of the service or delivery of the material.
3. The Department Head is responsible for obtaining a correct billing address for the customer, Federal Tax ID Number or Social Security Number and for sending a copy to the debtor.
4. In no instances will invoicing be less frequent than once a month without the approval of the City Manager.

### G. Collection

1. Collections will be conducted by the Finance Department.
2. The Finance Director will be responsible for establishing a ledger for accounts receivables and for collection of the amounts owed the City.
  - a. Time limits and notice. (Unless otherwise specified for Dothan Utility customers in the Code of Ordinances)
  - b. The amount due is payable within thirty-days of the invoice date, thereupon becoming delinquent.
  - c. Upon becoming delinquent, a statement shall be sent after thirty-days to the customer requiring prompt payment. After sixty (60) days from the invoice date the Finance Director has the authority to institute legal proceedings if not paid.
3. An annual percentage rate of 9% compounded continuously will be assessed sixty days (60) after billing/invoice date. This also, applies to Dothan Utility Payments.
4. Regular receivables.
  - a. Under \$3,000.00
    1. Good address of debtor. The claim will be processed through the small claims court.

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2. No address of debtor. The Finance Director is authorized to make every attempt to collect said receivable.
  3. Write-off. In the event the accounts receivable amount is \$100 or less the Finance Director has the charge off authority upon written approval of the originating Department Head.
  4. Write-off. The receivable in the amount of \$3,000 or less will be written-off upon disposition by the small claims court or 6 months after recommendation of the Finance Director and approval of the City Manager and can be reinstated at any time unless voided by court disposition.
  5. The City Attorney will represent the City of Dothan in any litigation derived through small claims court. The Department Head or designee will appear in court with the City Attorney and Finance Director or designee.
  6. No accounts will be filed in small claims court without approval of the Department Head.
- b. Amounts over \$3,000.00
1. The debt will be sent to the City Attorney for collection.
  2. The City Attorney will notify the Finance Director of the disposition or status of these receivables on a monthly basis.
  3. The City Attorney will advise whether a lawsuit should be filed for collection or other collection procedures instituted.
  4. Upon the recommendation of the Finance Director and concurrence of the City Manager such uncollectible debts will be submitted to the City Attorney for consideration to be written-off the books.
  5. Receivables over one (1) year old shall require the City Attorney's recommendation of their disposition.
  6. Bills written-off the books for Dothan Utility customers will be reinstated (any amount) and a payment schedule will be derived prior to establishment of current service.

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5. Damages to City property from vehicles of second parties will necessitate filing the State of Alabama form SR-13 (sent immediately to the Risk Manager/Safety Director) establishing a right in law against the operator.
  - a. Insured accident
    1. If the vehicle owner has insurance, the owner must provide proof of application for reimbursement or settlement with the City within 2 weeks of the accident.
    2. Any insurance payment that is 45 days in arrears will prompt the claim to be brought to the attention of the City Manager and Finance Director for disposition.
    3. Any amount owing after the insurance settlement must be paid by the owner within 30 days of notice of the amount that the insurance company has not paid.
    4. Failure to make payment upon the date due will necessitate closing against SR-13.
  - b. No insurance
    1. The owner will have 30 days to make arrangements with the Finance Director for payment.
    2. If the owner has no available credit at his disposal, then, the Finance Director, will establish a promissory note for the amount due.
    3. The debtor must make timely payments as contained in the promissory note, or all payments become due and collectable at that time.
    4. Failure to pay such amounts will cause immediate suspension of the owner's driving privileges as provided by SR-13.
6. Fire and Police Alarm Service Calls -City of Dothan Code of Ordinances, Section 54-67 and 68 defines charges for the alarms for police and fire rescue service. These charges are submitted by the respective department and collected with other accounts receivable charges.

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7. Dothan Utility Accounts Receivables--All Dothan Utility Accounts Receivable will be governed as per the City of Dothan Code of Ordinances Section 102.

III. PROCEDURES

The following sequence of activities shall take place on the processing of cash receipts and performed by:

A. Originating Department

RECEIPTS:

1. Responsible for the bank deposit of cash receipts for the City. Cash receipts shall be deposited daily with the designated financial institution or in the Finance Department, Utility Collection Division. Preprinted deposit slips will be obtained from the Utility Collections Division.
2. Responsible for endorsement of deposited checks as stated above.
3. Responsible for preparing and furnishing the Utility Collections Division a copy or fax transmission of the deposit slip as submitted to the financial institution and a Cash Edit Listing the same day the deposit is made.

DISBURSEMENTS:

1. Responsible for the issuance of requisitions for purchase orders and field purchase orders within the respective Department's specified budget and the submission for potential (Accounts Payable) expenditures utilizing rules and specifications as required by the City of Dothan's Purchasing Requirements and the State of Alabama Bid laws.
2. Responsible for submitting to the Accounting Division of the Finance Department the following for payment within a timely manner:
  - a. Accounts Payable Invoices for payment
  - b. Required Department Head Signature
  - c. 14 Digit Account Number
  - d. Purchase order or field purchase order number
  - e. Provide Social Security Numbers/EIN for new Vendors

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3. All checks produced by the City of Dothan with the exception of refunds for Municipal Court cash bonds, will be placed on a computer generated printout and approved by resolution in an open session of the City Commission.

B. Utility Collections Division of the Finance Department

RECEIPTS:

1. Obtains and consolidates deposit slips and Cash Edit Listing from the various departments.
2. Furnishes the Accounting Division of the Finance Department a daily report showing total deposits by description, account number and amount.
3. Maintains a file of daily cash receipt records and retains deposit slips by Department until remitted to the Accounting Division.
4. Submits to the Financial Institutions all cash received directly by the Utility Collection Division.

DISBURSEMENTS:

1. Responsible for the issuance of utility refund checks according to the Code of Ordinances.

C. Accounting Division of the Finance Department

RECEIPTS:

1. Maintains records of daily cash reports reflecting all cash receipts.
2. Verifies bank deposits for the daily cash report and files deposit slips.
3. Maintains records for collections of ALL non-utility accounts receivable as specified above.

DISBURSEMENTS:

1. Responsible for the issuance of ALL City disbursements (with the exception of refunds for Municipal Court cash bonds and Dothan Utility refunds issued by the Utility Collections Division).

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2. Ensures that a copy of all checks are filed in alphabetic vendor order with required supporting documentation that constitutes the issuance of such check and stated in the previous PROCEDURE.
3. Ensures that no checks are drawn payable to “bearer” or “cash”.
4. Ensures that all checks used for disbursement of City funds are properly secured in a vault and protected from fraudulent use prior to mailing. Ensures that All voided checks are properly identified, cancelled, recorded and filed.
5. Ensures that All bank statements are reconciled, filed and cleared checks are accounted for and filed in numeric order prior to official destruction through approval by Archives and History.

### D. Financial Institution

1. Receives the City’s daily deposit including locked bags for overnight safekeeping.
2. Validates deposit slip and returns validated receipt to the Utility Collections Division.
3. Returns unlocked bags to the respective Department.
4. Provides Bank Statements reflecting deposit and withdrawal transactions.

### E. City Clerk

#### RECEIPTS:

1. Provides mail/courier service for the City of Dothan.
2. Distributes ALL receipt of funds that are mailed through the U. S. Postal Service and throughout all City Departments to the Finance Department for proper deposit.

#### DISBURSEMENTS:

1. Receives ALL City of Dothan printed computer or hand issued checks except those for cash bonds generated by the Municipal Court.
2. Safeguards signature plates and provides signatures to ALL checks issued except those issued for cash bonds by the Municipal Court.

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3. Ensures that the facsimile signature plates of the Mayor and City Clerk are maintained in a dual key locked box and secured in a vault.
4. Maintains a log showing the date, time and use of the plates.
5. Mails ALL checks, with the exception of those for cash bonds distributed by the Municipal Court, to maintain internal control.

IV. RESERVATION OF AUTHORITY

The City Manager reserves the right to change, amend or modify this operating guideline.

V. APPROVAL AND EFFECTIVE DATE

This operating guideline is adopted and approved by the City Manager on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

ATTEST BY:

APPROVED:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
CITY MANAGER