

**CITY OF OZARK,
ALABAMA**

RECEIPTS AND ACCOUNTS RECEIVABLE

I. GENERAL PROVISIONS

The purpose of this policy is to establish effective cash collection and deposit procedures to maximize cash availability.

- A. All fees, receipts and income collected or received by any City department is to be deposited into the City's Accounting Department located in the City Clerk's Office for deposit in an approved City depository as a credit or debit to an appropriate fund. The City's Accounting Department is charged with controlling and recording all payments into and out of the City's bank accounts set up for each fund and account.
- B. All checks received shall be endorsed "For Deposit Only, City of Ozark" and deposited into the City of Ozark's bank accounts at several banks designated for said funds located in Ozark, Alabama.
- C. The practice of spending funds or cashing checks for personal use is strictly prohibited. The cashing of personal checks, family member checks, or any other payor is strictly prohibited from the daily cash collections.
- D. All cash receipts received before 5:00 p.m. will be deposited the next business day except funds received on Saturday, Sunday, or holidays which shall be deposited on the next work day. All funds awaiting deposit or established change funds shall be secured under lock & key or the use of a safe.
- E. Departments with change funds shall count and balance the change fund daily. If an increase in the amount of a change fund is required due to the seasonal nature of collections (business license collections during January through March) a written request from the Department Head shall be made to the Chief Financial Officer who can authorize a temporary increase in the authorized change fund amount.
- F. Overages and Shortages. A cash overage/shortage typically occurs during the balancing of cash receipts. Some cash overage/shortages result from human error and are the cost of doing business. However, objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective. Collections above the day's receipts issued shall be deposited along with the daily collections after being investigated and identified as an overage. If customer is due a refund the department shall submit a request for refund with customer name and address to accounts payable. Shortages in collections shall be investigated to determine if an error was made in the amount of a receipt written or an error in posting into the computer system or an error in change given or error in cash or checks received. Overages and shortages that occur will be recorded in the general ledger.
- G. Department Heads are responsible for insuring that monies are received prior to or at the point of the sale of any goods or performance of any service, with the exception of customers billed on account.

- H. Receipts received through the United States Postal System must be receipted and logged by the department when opened.
- I. Cash Receipts Books and Logs. All cash received from the sale of licenses, permits, registrations, rent, fines, etc., shall follow these procedures:
 - 1. The first control feature is the use of pre-numbered and pre-printed forms or electronic receipts if using specialized software as in the municipal court, business licenses and garbage billing. The use of preprinted forms provides proof of receipt and ensures that the required information is obtained at the source of the transaction.
 - 2. Deposit intact. Cash receipts must be deposited "intact" in the proper depository, meaning the total receipts must equal the total bank deposit. Depositing cash intact is extremely important for control and safety purposes. Cash receipts can be easily reconciled and traced to bank statements and the general ledger entries by date of deposit if they are deposited intact.
- J. Routine accounting records. These are records of original entry or other routine accounting transactions, including journals, registers, ledgers, receipts, invoices for services, bank statements, deposit slips, cancelled checks, and other supporting documentation. Retain 3 years following audit.
- K. Employee Bond. All employees responsible for handling cash or other items of value shall be bonded.
- L. Only authorized employees are allowed access in designated cash collection areas. Direct access to NCIC criminal justice records or to areas where such records are stored must be limited to employees whose official duties require access to such records. Access to computer terminals used to issue electronic receipts used during the cash collection process must be restricted to authorized employees whose official duties require access to such systems and terminals or other authorized City employees or the City's outside auditors.
- M. In Chapter 8 of the City of Ozark's Policies and Procedures Handbook. Section 8.3.3 Group Two Offenses, state that group two offenses are defined as unacceptable conduct by an employee which are very serious and constitute grounds for dismissal upon the first occurrence of such conduct, unless mitigating circumstances render lesser discipline more appropriate.
 - 1. 8.3.3.4 Falsification – deliberate falsification of records and/or personal misrepresentation of statements to a supervisor, and official, the public, or any duly authorized committee.
 - 2. 8.3.3.5 Dishonesty – dishonesty as related to an individual's job duties and/or profession, or use of one's official position for personal advantages.
 - 3. 8.3.3.9 Theft or Abuse of Property – theft, destruction, careless or negligent use, or willful damage of city property or property of others.

II. PROCEDURES AND DOCUMENT FLOW OF CASH RECEIPTS

Departments must deposit their monies through the City Clerk's Office who in turn deposits collections

into one of several City bank accounts.

A. COLLECTIONS DESIGNATED FOR DIRECT DEPOSIT TO CITY BANKS

1. The City contracts with EMS/MC who provides third-party ambulance billing services and collection services to the City's Emergency Medical Services (EMS) Division

EMS/MC personnel have bank deposit slips and make deposits directly to the City's EMS depository account. EMS/MC mails the yellow copy of the deposit slip to the City Accounting Department for recording deposits in the check register and the general ledger cash account established for EMS.

2. Five City Departments are authorized to accept payments using credit/debit card machines and/or process customer payments made by checks and converted into telecheck transactions. Two (Municipal Court and the Civic Center) of the five departments have been approved for their credit/debit card and telecheck payments to be deposited directly into two separate City bank accounts (Municipal Court Account and Civic Center Account. The remaining three departments (Revenue, Dale County Lake and Perry Recreation Center) credit/debit card collections are deposited directly into the City's General Fund depository account. The Accounting Department records the deposits electronically deposited into authorized bank accounts in the check registers and the general ledger cash accounts.
3. The City has authorized direct deposits into selected City bank accounts for several local, state, and federal recurring payments and grants. The Accounting Department records the deposits electronically deposited into authorized bank accounts in the check registers and the general ledger cash accounts.

B. COLLECTIONS DESIGNATED FOR DEPOSIT THROUGH THE ACCOUNTING DEPARTMENT IN THE CITY CLERKS OFFICE

The selected departments will deposit monies to the Accounting Department located in the City Clerk's Office in a locked bank bags or face to face with central cashier. All deposits will include a daily summary report with yellow copies of cash receipts if manual receipts are issued or detail listing of transactions if electronic receipts are issued. Department's using the peg board system shall provide the original peg board page along with cash collected to the central cashier, who will initial original peg board sheet and provide a receipt to the department for the monies turned in. The central cashier will count and verify the deposit and issue cash receipt and return a copy of the daily summary report.

Copies of source paperwork will be kept and attached to the daily cash receipt report. The central cashier or bookkeeper will then prepare a deposit slip. The payroll clerk or the bookkeeper will take daily deposits to the various City bank accounts. Copies of the completed receipts are sent to back to the depositing department or given directly to customers during a face-to-face transaction. See attached example of a City Cash Receipt form.

III. TYPES OF CASH RECEIPTS AND ACCOUNTING EFFECTS

Receipts are categorized into three main types: revenues and other sources, balance sheet receipts, and refunds of disbursements.

A. REVENUE AND OTHER SOURCES

Deposits of revenues include taxes, fees, fines, interest, rent, grants, and government funds. Revenues are deposited by their nine-digit deposit code or general ledger account number (XX-XXX-XXXX). The accounting effects of depositing revenue are a debit to the Cash account and a credit to the Revenue account.

B. BALANCE SHEET RECEIPTS

A department may deposit monies that cannot, during the current period, be recognized as revenue. These types of deposits include monies held as bond for performance, rental deposits, fees, rents, and grant funds collected in advance. Balance sheet items are deposited by their nine-digit deposit code or general ledger account number. The accounting effects of the deposit are a debit to the Cash account and a credit to the Balance Sheet Account.

C. REFUNDS OF DISBURSEMENTS

1. Current Fiscal Year Refunds of Current Year Disbursements

If a department receives a refund of monies disbursed in error during the current fiscal year and charged to the current budget year, such as an overpayment to a vendor, the cash receipt form must be coded to the account number used to make the initial disbursement.

For example if the Police Department accepted goods from a vendor and later returned the goods, the vendor could issue a refund check for the original purchase. If the original purchased was charged to Operational Equipment and Supplies the accounting entry would be:

Original Journal Entry for the purchase of goods by the Police Department:

Debit - Operational Equipment & Supplies:	01-502-6700	\$100.00
Credit - Accounts Payable Cash:	01-100-1191	\$100.00

Record Expenditure for goods received by Police Department

Journal Entry for \$100.00 Refund Check Issued to City by Vendor for goods returned by Police Department:

Debit - Depository Cash:	01-100-1190	\$100.00
Credit - Expenditure Code:	01-502-6700	\$100.00

Credit Expenditure for goods received and later returned by the Police Department

2. Refunds of Prior Year Disbursements in the 13th Accounting Period

If a department receives a refund of monies disbursed in error in the prior year but received in the current year while the 13th accounting period is open, the cash receipt form should be coded as a prior year receipt and the account number used to make the initial disbursement should be noted on the City cash Receipt form. This information will be used to process a cash receipt in the current year via the Treasurer's office and an adjusting journal entry (AJE) in the 13th accounting period of the previous year by staff in the Accounting Department.

3. Refunds of Prior Year Disbursements after the 13th Accounting Period

If a department receives a refund of monies disbursed in error in the prior year but

received in the current year, and the 13th accounting period is closed, the cash receipt form must be coded to the account number used to make the initial disbursement and deposited in the current fiscal year.

D. REFUNDS OF REVENUE

1. Refunds of Revenue from Sports Registration

- (a) The Department of Leisure Services may request a refund of 100% of the registration fee paid by parents/guardians prior to team tryouts.
- (b) The Department of Leisure Services may request a refund of 50% of the sports registration after the draft teams are selected.
- (c) The Department of Leisure Services will not refund registration fees after participants are assigned to a team and parents/guardians have been notified of the team practice schedules.
- (d) Registration refunds must be approved by the Director of Leisure Services and submitted to the Accounting Department for payment.

2. Refunds for Overpayments (Section 11-20 City of Ozark Code of Ordinances)

- (a) Any taxpayer may file a petition for refund with the City for any overpayment of business license tax erroneously paid to the City.
- (b) The petition for refund shall be filed with the City within two years from the date of payment of the business license tax, which is the subject of the petition.
- (c) The City shall either grant or deny a petition for refund within six months from the date the petition is filed, unless the period is extended by written agreement of the taxpayer and the City.
- (d) If the petition is granted or the municipality or a court otherwise determines that a refund is due, the overpayment shall be promptly refunded to the taxpayer by the City, together with any interest to the extent provided for in Code of Ala. 11-51-92.

IV. CASH RECEIPT FORM

A Cash Receipt Form is used for all deposits made directly to the Accounting Department in the City Clerk's Office. The department submits a copy of the Cash Receipt form, the Daily Summary Report, and any other deposit documentation with the cash deposit. The deposit is sent directly to the Accounting Department in a locked bank bag. Copies of all documentation submitted will be held at the department for their records. The Cash Receipt Form and Daily Summary Report must be fully completed in order to process a Cash Receipt. For the specific cash receipt type; the account coding in the middle portion of the form will vary depending on the type of cash receipt. A sample of a peg board receipt and a three part receipt form used by the Accounting Department of the City Clerk's Office is attached. A sample of the two departments (Municipal Court and Leisure Services) that prepare a daily summary report is attached.

V. REVENUE REPORT

Each Department Head has the ability to request a Revenue Report, which lists revenues recognized and cash collected for the current period and the fiscal year-to-date vs. the budgeted amount. This report

contains only revenues and will not include receipts that are refunds of current year disbursements or balance sheet receipts (collections on accounts receivables). The Revenue Report can be requested for a fund or for selected general ledger accounts. The report can be requested from the Chief Financial Officer or the Bookkeeper in the Accounting Department.

VI. ACCOUNTS RECEIVABLE

Circumstances may necessitate a Department Head granting an extension of credit (Accounts Receivable Customers – garbage service, court fines and patient transports); however, such considerations will be minimized by rigid discipline in its use. The Accounting Department will be responsible for maintaining a list of outstanding receivables. Credit extended to account receivable customers will be conducted as follows:

A. CREATION

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 of the invoice to the debtor. All invoices shall direct payments payable to the City of Ozark.
4. In no instances will invoicing be less frequent than once a month without the approval of the Chief Financial Officer.

B. COLLECTION

1. Collections will be conducted by the Department and recorded in automated systems or Department issued manual receipts, then the collections will be brought to the Central Cashier with a cash receipt issued to the Department for the collections.
2. The Chief Financial Officer will be responsible for establishing a ledger for accounts receivables and for collection of the amounts owed the City.
 - a. The amount due is payable within thirty-days of the invoice date, thereupon becoming delinquent.
 - b. 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 Financial Officer has the authority to institute legal proceedings if not paid.
3. The third party billing firm contracted to perform billing and collection services to the Emergency Medical Services (EMS) Division will remit outstanding accounts receivables on patient transports to a collection agency selected by the City. After the collection agency exhausts its efforts and the account receivables are determined to be uncollectable the Chief Financial Officer will present a request to the City Council to approve the ultimate write off of the receivables.

DATE	RECEIVED FROM	DESCRIPTION	\$ AMOUNT
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OFFICIAL RECEIPT
THE CITY OF OZARK
 OZARK, ALABAMA

17467

CODE:

A. PARKING METER VIOLATION
 B. COURT FINE CASE NO. _____
 C. GARBAGE COLLECTION
 D. RENTAL

E. AD VALOREM TAX
 F. GASOLINE TAX
 G. CIGARETTE TAX
 H. BUSINESS LICENSE

REMARKS: _____

Thank You!

SAMPLE OF PEG BOARD RECEIPT _ ACCOUNTING DEPARTMENT
 CITY CLERK'S OFFICE
 GENERAL FUND - DEPOSITORY ACCOUNT

City of Ozark P.O. Box 1987 Ozark, AL 36361		55709 Date _____ 20____
RECEIVED OF _____		DOLLARS \$ _____
FOR _____		
Amt. of Acct. \$ _____		
Amount Paid \$ _____ <i>Thank You!</i>		
Balance Due \$ _____		By _____
Cash <input type="checkbox"/> Check <input type="checkbox"/> M.O. <input type="checkbox"/>		

SAMPLE 3 PART RECEIPT - OTHER FUNDS BANK ACCOUNTS

City of Ozark P.O. Box 1987 Ozark, AL 36361		55710 Date _____ 20____
RECEIVED OF _____		DOLLARS \$ _____
FOR _____		
Amt. of Acct. \$ _____		
Amount Paid \$ _____ <i>Thank You!</i>		
Balance Due \$ _____		By _____
Cash <input type="checkbox"/> Check <input type="checkbox"/> M.O. <input type="checkbox"/>		

City of Ozark P.O. Box 1987 Ozark, AL 36361		55711 Date _____ 20____
RECEIVED OF _____		DOLLARS \$ _____
FOR _____		
Amt. of Acct. \$ _____		
Amount Paid \$ _____ <i>Thank You!</i>		
Balance Due \$ _____		By _____
Cash <input type="checkbox"/> Check <input type="checkbox"/> M.O. <input type="checkbox"/>		

City of Ozark P.O. Box 1987 Ozark, AL 36361		55712 Date _____ 20____
RECEIVED OF _____		DOLLARS \$ _____
FOR _____		
Amt. of Acct. \$ _____		
Amount Paid \$ _____ <i>Thank You!</i>		
Balance Due \$ _____		By _____
Cash <input type="checkbox"/> Check <input type="checkbox"/> M.O. <input type="checkbox"/>		

OZARK

LEISURE SERVICES

DAILY INCOME REPORT

SAMPLE DAILY RECAP
LEISURE SERVICES

REPORT DATE: 10/29/13

Facility Rentals

receipt#

	CASH/CHECK	CREDIT
Perry Center		300-6010
Autrey Center		300-6010
KidZone Rental		300-6010-KIDZ
Field Rental		300-6010
Classes		300-6008
Civic Center		300-6016-RENTAL
Flowers Center		300-6010-FLOWER
Crawdada		300-6008-CRAWDADA
Special Event - Travel		300-6008-TRIPS
TOTAL:	\$0.00	\$0.00

Ticketed Events

receipt #

Civic Center		01-100-1050 CC
300-6016-RENTAL		
Civic Center		01-100-1050 CC TRIP REVENUE
300-6016		
Flowers Center		01-100-1050 CC
300-6010-FLOWER		
Crawdada Festival		01-100-1050 CC
300-6008-CRAWDADA		
TOTAL:	\$0.00	

Lake

receipt #9029

sales date:

	CASH/CHECK	CREDIT
Lake Sales:	\$250.50	300-6014
other:		300-6014
TOTAL:	\$250.50	\$0.00

Concessions

receipt #9027

Civic	\$46.92	300-6016-CONCES
Steagall		300-6011
Eagle		300-6011
Eastgate		300-6011
TOTAL:	\$46.92	

Senior Center

receipt #

Other:	300-6001
SARCOA Misc.	300-6001
TOTAL:	\$0.00

Sports

receipt #9028

	CASH/CHECK	CREDIT
Baseball/Softball		300-6010
Soccer		300-6010
Football/Cheer		300-6010
Basketball	\$25.00	300-6010
Sponsor		300-6012
Archery		300-6010
Other: football pants		300-6010
TOTAL:	\$25.00	\$0.00

Camp Oz

receipt #

	CASH/CHECK	CREDIT
Registration		300-6008-CAMPOZ
After School		300-6008-CAMPOZ
Misc.		300-6008-CAMPOZ
Sponsor		300-6008-CAMPOZ
TOTAL:	\$0.00	\$0.00

Daily Grand Total: \$322.42

Approved By: *Denise Ellis*

CIVIC CREDIT CARDS:	
OTHER CREDIT CARDS:	
CHANGE:	\$0.50
CASH:	\$275.00
CHECKS / MO:	\$46.92
TOTAL:	\$322.42

see attached documents

see attached documents

receipt #: 10/29/13

SAMPLE DAILY RECAP REPORT MUNICIPAL COURT

MUNICIPAL COURT SETTLEMENT SHEET

DATE: 10/28/13

BANK INFORMATION

CASH	\$ 208.00	(BANK DEPOSIT)
MONEY ORDERS	\$ 0	(BANK DEPOSIT)
CHECKS	\$ 0	(BANK DEPOSIT)
ELECTRONIC CHECKS	\$ 0	
CREDIT CARDS	\$ 519.00	
DEBIT CARDS	\$ 0	
TOTAL DEBIT/CREDIT CARDS	\$ 519.00	
CHECKS BY MAIL	\$ 0	(HOLD CHECKS FOR 14 DAYS)
TOTAL DEPOSIT	\$ 1727.00	

GENERAL LEDGER INFORMATION

COURT FINES	\$ 692.00	12-300-6020
RESTITUTION	\$ 0	12-200-4000
CASH BONDS	\$ 0	12-200-4010
BOND FEES	\$ 35.00	12-300-6033
TOTAL RECEIPTS	\$ 1727.00	

EMPLOYEE SIGNATURE:

AW

Dated and
10/28/13
[Signature]