



# **CITY OF RIO COMMUNITIES**

## **Accounting and Finance**

## **Policies and Procedures**

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## INTRODUCTION

### **Purpose**

The following manual is intended to provide an overview of the financial policies and procedures applicable to the City of Rio Communities, which shall be referred to as “The City of Rio Communities” or “The City”, throughout this manual. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls. All City of Rio Communities staff are bound by the policies herein and any deviation from established policy is prohibited.

### **Generally Accepted Accounting Principles (GAAP)**

The City of Rio Communities policy is to adhere to generally accepted accounting principles (GAAP).

As of June 30 of each year, after all State reports have been filed (due July 31<sup>st</sup>) the records will be adjusted to add accruals and other entries necessary to comply with Generally Accepted Accounting Principles (GAAP). Many, if not most of these entries, will be provided by the Independent Public Accountant (IPA).

### **Role of the Governing Body**

The effective date of all accounting policies described in this manual is 06-14-2016. City of Rio Communities Governing Body approved the contents of this manual as official policy as stated in Resolution # 2016-65 on 06-14-2016. If a policy is added or modified subsequent to this date, the new/revised policy will be distributed and this manual will be amended accordingly. In addition to this policy guide, City of Rio Communities maintains supplements, resolutions, and management policies that provide guidance to management employees on how the City operates.

These Financial Policies replace (supersede) any and all previous City of Rio Communities financial policies whether written or oral. Should any provisions in this policy manual be found to be invalid and unenforceable, such findings do not invalidate the entire manual, but only that particular provision.

## **GENERAL POLICIES**

### **Board of Finance**

The Governing Body consisting of mayor and city council is the board of finance for the City of Rio Communities. The city manager and treasurer/finance director shall serve as the nonvoting members to the board of finance.

The mayor shall convene meetings of the board of finance, to hear the city manager’s budget recommendations no later than May 1 each year and again before the June 1 deadline to submit a preliminary budget to the Local Government Division. Final proposed budget submitted to them no later than June 30.

The expenditure section of the budget, once adopted, is legally binding on the local government. The revenue section of a budget is not legally binding as it is only an estimate of expected revenue proposed.

Accounts payable and payroll payable disbursement reports as well as summary financial reports with detail shall be presented at regular business meetings of the Governing Body for their approval and

certified signatures.

## **FISCAL DEPARTMENT OVERVIEW**

### **Organization**

The Fiscal Department consists of the following staff that manages and processes financial information for the City of Rio Communities:

- Treasurer
- Finance Clerk

Other officers and employees of the City of Rio Communities who have financial responsibilities are as follows:

- City Manager

### **Responsibilities**

The Treasurer's duties outlined by state statute are to:

- Receive all money;
- Keep all accounts as prescribed by the governing body;
- Expend money only as authorized by the governing body;
- Prepare and present financial status reports as directed by the governing body; and
- Keep all financial records and make them open to the public.

The treasurer's authority and responsibility and the requirements for receipts, warrants (checks), borrowing from the U.S. government, and disposing of uncollectible accounts are outlined in § 3-37-1 through 3-37-7A, NMSA 1978.

The primary responsibilities of the Fiscal Department consist of:

- General Ledger
- Budgeting
- Cash and Investment Management
- Asset Management
- Grants and Contracts Administration
- Purchasing
- Accounts Receivable and Billing
- Cash Receipts
- Accounts Payable
- Cash Disbursements
- Financial Statement Processing
- External Reporting of Financial Information
- Bank Reconciliation
- Reconciliation of Sub-Ledgers
- Compliance with Government Reporting Requirements
- Annual Audit

## **BUSINESS CONDUCT**

The City shall follow a high standard in all financial reports by:

- Preparing appropriate financial reports in accordance with Generally Accepted Accounting Principles (GAAP);
- Making all possible and ethical efforts to obtain qualified independent audit opinions;
- Adopting a spirit of “full disclosure” in preparing reports;
- Refraining from the use of “creative accounting” to defer cost or hide long-term problems;
- Disclosing within interim reports or analysis all pertinent assumptions which may impact decision making; and
- Minimizing the number of funds and accounts to prevent unnecessary complexity and cost of maintaining and auditing the records while maintaining ease of reporting.

### **Practice of Ethical Behavior**

Unethical actions, or the appearance of unethical actions, are unacceptable under any circumstances. The policies and reputation of the City of Rio Communities depend to a very large extent on the actions of the City Council, Managers, and staff.

Each individual must apply their own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee’s responsibility to apply a common sense in business decisions to protect the interest of the taxpayers and the use of public funds where specific rules do not provide all the answers.

### **Conflicts of Interest**

No employee, officer, or agent of the City of Rio Communities shall participate in the selection, award, or administration of a contract involving the City of Rio Communities if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, agent, or any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected.

### **Compliance with Laws, Regulations, and Organizational Policies**

The City of Rio Communities does not tolerate the willful violation or circumvention of any federal, state, or local law by an employee during the course of that person’s employment; nor does the City tolerate the disregard or circumvention of the City of Rio Communities policy or engagement in unscrupulous dealings.

### **Disciplinary Action**

Failure to comply with the standards contained in this policy may result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the City or to the government for any loss or damage resulting from the violation.

Disciplinary action may include, but is not limited to action:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who had deliberately failed to report a violation or deliberately withheld

relevant and material information concerning a violation of this policy.

3. Against any director, manager, or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

## **FRAUD POLICY**

### **Scope**

This policy applies to any fraud or suspected fraud involving employees, officers, and elected officials, or manager, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with the City of Rio Communities. Any investigation activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with the City of Rio Communities.

### **Policy**

All staff are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional false representation or concealment of a material fact for the purpose of including another to act upon it to their injury. Each member of management will be familiar with the types of improprieties that might occur within the area of responsibility, and be alert for any indication of irregularity.

### **Actions Constituting Fraud**

The term fraud, embezzlement, misappropriation, and other fiscal irregularities refer to, but are not limited to the following:

- Any dishonest or fraudulent act;
- Forgery or alteration of any document or account belonging to the City of Rio Communities;
- Forgery or alteration of a check, bank draft, or any other financial documents;
- Misappropriation of funds, securities, supplies, equipment, or other assets of City of Rio Communities.
- Impropriety in the handling or reporting of money or financial transactions;
- Disclosing confidential and proprietary information to outside parties;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the City of Rio Communities.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; or
- Any similar or related irregularity.

### **Reporting**

- Any fraud that is detected or suspected must be reported immediately to the City Manager. Once all information is properly vetted, notify the Mayor or the Governing Body.
- Immediately upon discovery of any violation of a criminal statute in connection with financial affairs, the agency shall report a violation immediately to the state auditor as per 12-6-6 NMSA 1978 (Criminal Violations). The notification shall include the estimate of the dollar amount involved, and complete description of the violation, including the names of the persons involved and any actions taken or planned.

Once the State Auditor and Attorney General's Office has reviewed the suspected violation, they will notify the local District Attorney's Office. The local DA will then decide how to proceed in the matter.



### **Investigation Responsibilities**

At the local level, the City Manager has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The City Manager may utilize whatever internal and/or external resources they consider necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the City Manager will issue appropriate reports and take appropriate action.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, City Management, and the State Auditor.

### **Confidentiality**

The Treasurer, City Manager, and the Council treat all information received confidentially to the extent possible. Any employee who suspects dishonest or fraudulent activity must notify the City Manager immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the City of Rio Communities from potential civil liability.

### **Authority for Investigation of Suspected Fraud**

The person(s) assigned to investigate will have:

- Free and unrestricted access to all the City of Rio Communities records and premises; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of the investigation.

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the City Manager immediately. The employee or other complainant may remain anonymous to the extent possible. All inquiries concerning the activity under investigation from the suspected individual(s), their attorney or representative(s), or any other inquirer should be directed to the City Manager or legal counsel. No information concerning the status of an investigation will be given out by employees. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the City of Rio Communities legal counsel or City Manager.

### **SECURITY**

### **Fiscal Department**

Locks will be maintained on the doors and file cabinets to the offices of the City of Rio Communities Fiscal Department. These doors shall be closed and locked when the Fiscal Department is vacant.

The City of Rio Communities corporate seal is stored in the Clerk's Office. The blank check stock is stored in a locked cabinet.

### **Access to the Electronically Stored Accounting Data**

It is the policy of the City of Rio Communities to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords. The Treasurer assigns passwords that allow access to the system.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis. Each password enables a user to gain access to only the software and data files necessary for each employee's required duties.

The accounting staff's responsibilities relating to electronic security will include:

- Upon completion of using a program or terminal, exit from the program;
- Will not share passwords with or log-on for anyone.

### **Back-Up Files**

It is the policy of the City of Rio Communities to maintain back-up copies of electronic data files in a secure, fire-protectant environment.

The Treasurer will be responsible for the backup procedures, which will include;

- Perform a differential backup every workday.
- Perform a full system backup quarterly.

## **GENERAL LEDGER AND CHART OF ACCOUNTS**

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of the City of Rio Communities, and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

### **Chart of Accounts Overview**

The chart of accounts is the framework for the general ledger system, and therefore the basis for the City of Rio Communities accounting system. The chart of accounts consists of account titles and account numbers assigned to those titles and accounts. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, revenue, and expense account. The fiscal staff is responsible for maintaining and revising the chart of accounts as needed.

City of Rio Communities chart of accounts is comprised of five types of accounts:

1. Assets

2. Liabilities
3. Fund Balance
4. Revenues
5. Expenditures

### **Fiscal Year of the City**

The City of Rio Communities shall operate on a fiscal year that begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup>.

### **Journal Entries**

All general ledger entries shall be supported by journal vouchers, which shall include a reasonable explanation of each such entry. Examples of journal entries include:

- Recoding non-cash transactions (in Kind)
- Corrections of posting errors
- Adjusting and reclassification of entries
- Revenue from individual departments

Certain journal entries, called recurring entries occur in every accounting period. These entries may include:

- Depreciation of fixed assets
- Amortization of prepaid expenses
- Amortization of deferred revenue

Support for recurring journal entries shall be on the form of a schedule or a remark explaining the transaction.

## **POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS**

### **REVENUE**

#### **Revenue Recognition Policies**

The City of Rio Communities may receive revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of the City of Rio Communities in the appropriate revenue account:

- Gross Receipts- Gross receipts tax is not a sales tax, it is a tax placed on businesses in the state for the privilege of doing business. It is based on the total (gross) receipts of the business.
- Service Revenue- Income from services provided to the community by the City (Parks and Recreation, Airport, Library, Municipal Court, Police, Street, Convention Center).
- Lodgers Tax- A municipality may impose by ordinance an Occupancy Tax on rental of lodging within the municipality (§§ 3-38-13 through 3-38-24). This tax is paid by the vendors of lodging directly to municipality, with the ordinance imposing the tax stating the amount and the time, place and frequency of payment, as well as other details (§ 3-38-20).
- Rental/Lease of City Owned Property- (State Police, County, Hotel)
- Property Tax- Property taxes are those placed on real property within a county, based on the market value of the real property. These taxed are also called ad valorem taxes (ad valorem is Latin for "at value"). The county collects property taxes on property within municipal

boundaries, and the portion of property taxes imposed by the municipality is passed on to the municipality.

- Gas Tax- The State of New Mexico collects a gasoline tax on each gallon of gasoline and special fuels sold within the state, and returns a portion of the total tax to each municipality, based on the proportion of motor fuel sold in each municipality to the total sold in all municipalities (§ 7-1-6.9).
- Interest on Investments- Income generated from the investments of City funds.
- Grants and Agreement Income- Income based on various grants and agreements with the City.
- Impact Fees- One time fees collected for installation of utilities to new customers.
- Planning and Zoning Fees- (Building Permits, Replat Fees)
- Business Licenses (LICENSE FEES)—A municipality may enact an ordinance (or ordinances) requiring certain types of businesses to be licensed and pay a fee before they may do business in the municipality (§ 3-38-4). The amount of the license fee on any type of business must bear a reasonable relation to the cost of municipal regulation of the business, so only those businesses which require regulation should be required to obtain a license. The ordinance may provide prorating the annual license fee for periods of less than a calendar year.
- Motor Vehicle Fees—A portion of the motor vehicle fees collected by the State of New Mexico is returned to the municipalities (§66-6-23.1A(4)). A percentage of these revenues must be used for construction, maintenance, and repair of streets within the municipality and for payment of paving assessments against federal, City, county and municipally owned property. Only collected if MVD office is within city limits
- Fire Fund Distribution—a portion of the state’s Fire Protection Fund is distributed to each municipality for fire protection use. The amount is set by a formula using the number of fire stations, fire insurance rating and need, as determined by the Superintendent of Insurance (§ 59A-13-1 through 59A-13-17).

Categories of revenue will be recorded on the cash basis of accounting (i.e. recorded as revenue when received) as required by State Law.

#### **Security Deposits:**

Security deposits for utilities will be in accordance with GAGAP and recorded in a liability account (Security Deposits Payable).

## **CASH RECEIPTS**

### **Overview**

Cash (including checks payable to the City) is the most liquid asset an organization has. Therefore, it is the objective of the City of Rio Communities to establish and follow the strongest possible internal controls in this area. All cash receipts should be deposited the day received. In no event will cash receipts be held more than the next business day. See Internal Control procedures for specific instructions.

### **Processing of Checks and Cash Received in the Mail**

For funds that are received directly at the City of Rio Communities, cash receipts are centralized to ensure that cash received is appropriately directed, record, and deposited on a timely basis, dependent on the requirements of the department and the State. Fiscal staff receives all cash and checks.

### **Bonds**

New Mexico municipalities are authorized to issue revenue and general obligation bonds. The following articles govern bonding in New Mexico: Article IX, Section 9 Article IX, Section 10, Article IX, Section 12, and Article IX, Section 13.

## **POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS**

### **Accounts Payable Management**

#### **Overview**

The City of Rio Communities strives to maintain efficient business practices and good cost control. A well-managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and fiscal reconciliation.

It is the policy of the City of Rio Communities, that an employee independent of ordering and receiving performs the recording of assets or expenses and the related liability. The amounts recorded are based on the vendor invoice for the related goods or services. The vendor invoice should be supported by an approved purchase order where necessary, and should be reviewed and approved by a department director/manager or designee prior to being processed for payment. Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

- Invoices are correct and authorized and are processed in a timely manner
- Vendor credit terms and operating cash are managed for maximum benefits
- Disbursements are managed and reviewed for control and efficiency

#### **Recording of Accounts Payable**

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner. Accounts payable are processed on a bi-weekly basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached. Budgeted funds must be available or invoices will be returned to the requesting department for review/revision.

Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. Vendor statements shall not be processed for payment.

The following information is required to ensure timely processing of vouchers:

- The vendor name must match the name on the invoice or ticket. The remittance address must be on the invoice or voucher.
- The invoice number must be on the voucher. If no invoice number is available, the date may be used.
- If the invoice is coded to more than one account, the distributed amounts must equal

the invoice total. The coding must be appropriate for the item and the budget description.

- The amount codes must be valid codes from the current budgeted chart of accounts.
- The voucher must have an approval signature and date.
- The invoice must be checked against the Purchase Order.

### **Payment Discounts**

To the extent practical, it is the policy of the City of Rio Communities to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

## **CASH DISBURSEMENTS (CHECK-WRITING) POLICIES**

### **Check Preparation**

It is the policy of the City of Rio Communities to prepare vendor checks and expense reimbursement checks on a bi-weekly basis.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

- Expenditures must be supported in conformity with the purchasing and accounts payable policies.
- Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods and services.
- Checks shall never be made payable to “bearer” or “cash”.

### **Check Signing**

Checks will be printed and then signed by two authorized signors. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks). Hand written checks will NEVER be issued. In compliance with the Uniform Facsimile Signature of Public Officials Act, a facsimile of the authorized signatures will be filed with the Secretary of State (§6-9-2 NMSA 1978). All check stock will be stored in a locked file cabinet and accessed only when checks are to be issued.

### **Voided Checks and Stop Payments**

Voided checks will be defaced by obscuring the signatures and the account number and writing “void” across the check. All voided checks shall be retained to aid in preparation of bank reconciliations. Checks are also voided in the accounting system. Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed online.

### **Record –Keeping Associated with Independent Contractors**

City of Rio Communities shall obtain a completed W-9 Form or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a 1099 Form is required to be issued at year-end. Payments to such

vendors shall be accumulated over the course of a calendar year.

If an individual qualifies for independent contractor status, the individual will be sent a 1099 form at year-end. Payments to such vendors shall be accumulated over the course of a calendar year.

## **POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS**

### **CASH AND CASH MANAGEMENT**

#### **General Fund:**

The primary operating account provides for routine business check disbursements. All receipts are deposited to this account unless the funding source requires a separate deposit account.

#### **Bank Reconciliations**

Bank statements are forwarded to the Fiscal Department, where reconciliation between the bank balance and general ledger balance is prepared. The bank reconciliation process will be conducted in a timely manner.

Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files. All cancelled checks returned with bank statements shall be filed by account and month.

#### **Cash Balance Reserve Requirements**

Municipalities are required to have a cash reserve equal to one-twelfth (1/12) of the general fund budgeted expenditure amount. Resolution 2015-37 passed by the City of Rio Communities Governing Body has designated 10% of all revenues be required as cash reserve.

### **FIXED ASSET MANAGEMENT**

#### **Capitalization Policy**

Physical assets acquired with unit costs in excess of \$5,000.00 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

#### **Establishment and Maintenance of a Fixed Asset Listing**

All capitalized fixed assets shall be recorded in a property log. This log shall include the following information with respect to each asset:

- Date of acquisition

- Cost
- Description (including color, model, and serial number)
- Location of asset
- Depreciation methods
- Estimated useful life

City of Rio Communities will maintain a physical inventory of all assets capitalized under the preceding policies. This physical inventory shall be reconciled to the property log and adjustments made as necessary.

**Depreciation and Useful Lives**

All capitalized assets are maintained in the specific fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using a straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (example: an asset purchased on the 15<sup>th</sup> day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year.

Estimated useful lives of capitalized assets shall be determined by the Fiscal Department in conjunction with the department that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Land	40 years
Buildings	40 years
Utility Systems	33 years
Infrastructure	30 years
Machinery and Equipment	5-10 years
Computer (hardware and software)	3-7 years
Library Books (more than \$5,000 in one fiscal year)	5 years

**Repairs of Fixed Assets**

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalization repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful value.

**Dispositions of Fixed Assets**



In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the “book value” (purchase price less depreciation) of the asset will be recorded as a loss if the money received is less than the book value of a gain if the money received is more than the book value.

### **Write-off of Fixed Assets**

The Manager or Treasurer approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the City Manager. If not located, this property will be written off the books the proper notation specifying the reason.

Approval must be received from the DFA/LGD for disposing or writing off of any fixed asset.

If the item is on the inventory list, a resolution from the City Council must be approved before disposing of the item.

## **POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING**

### **FINANCIAL STATEMENTS**

#### **Standard Financial Statements of the City**

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the City. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements of the City of Rio Communities that are maintained on a City-wide basis shall include:

- **Statement of Financial Position** – reflects assets, liabilities and net assets of the City and classifies assets and liabilities as current or non-current/long-term
- **Statement of Activities** – presents support, revenues, expenses, and other changes in net assets of the City by category of a net asset
- **Statement of Cash Flows** – reports the cash inflows and outflows of the City in three categories: operation activities, investing activities, and financing activities.

These reports will be created in the City of Rio Communities Accounting system.

### **Frequency of Preparation**

The objective of the Treasurer is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely manner. In meeting this responsibility, the following policies shall apply:

A standard set of financial statements described in the preceding section shall be produced monthly and quarterly and on an as needed basis. The standard set of financial statements described in the preceding section shall be supplemented by the following schedules:

- Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
- Comparisons of actual month-to-to-date and year-to-date revenues and expenses with the approved annual budget.

### **Distribution of Financial Statement to the Council**

A complete set of City of Rio Communities financial statements and supplemental schedules shall be available for review by the Council members upon request.

The Treasurer will be responsible for making periodic financial reports to the City Council at regularly scheduled meetings.

### **Annual Financial Statements**

The Independent Auditor shall provide a formal presentation of the City's annual financial statements to the Council.

## **GOVERNMENT RETURNS**

### **Overview**

To legitimately conduct business, the City of Rio Communities must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state, and local jurisdictions.

### **Filing of Returns**

It is the policy of the City of Rio Communities to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Treasurer shall be responsible for identifying all filing requirements and assuring that the City of Rio Communities is in compliance with all such requirements.

It is also the policy of the City of Rio Communities to file complete and accurate returns with all authorities. The City of Rio Communities shall make all efforts to avoid filing misleading, inaccurate or incomplete return.

Filings made by the financial department include, but are not limited to, the following returns:

- **1099's** – Annual report of non-employee compensation based on calendar-year compensation. These information returns are due to independent contractors by January 31 and to federal government by February 28.
- **Gross Tax Receipts** - Monthly revenue for services provided by the City. This report is due to the State on or before the 25<sup>th</sup> of each month for the previous month's revenues.

### Quarterly State Financial Reports

NMSA 1978 6-6-2 mandates periodic financial reports from municipalities be sent to the Department of Finance (DFA/LGD). The DFA/LGD currently requires quarterly reports from municipalities.

- Financial quarterly report forms should be submitted within 30 days after the quarter end.
- Standardized financial quarterly report forms and instructions are available on the DFA/LGA website.
- Quarterly reports must be submitted on the prescribed DFA/LGD format using Excel or the same data may be submitted in a comparable format programmed from the local accounting software.

## POLICIES ASSOCIATED WITH FINANCIAL MANAGEMENT

### BUDGETING

#### Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the City's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the City's programs and activities simultaneously in light of the available resources.

Prepared budgets are developed by staff and presented to the Council at scheduled workshops.

In accordance with Section 6-6-2 NMSA, a proposed annual (interim) budget for the City of Rio Communities must be submitted to the Department of Finance/Local Government Division (DFA/LGD) on or before June 1<sup>st</sup> of each year. The interim budget is analyzed for any necessary corrections or additional information and approved by the DFA/LGD as an operating budget pending approval of a final budget. Municipalities must then develop and submit a final budget (with an approved Council Resolution) to DFA/LGD no later than July 31<sup>st</sup> for analysis, any necessary corrections, and approval.

#### Recommended Budget Calendar

TASK	TIMING	RESPONSIBILITY
1. Set up budget format for each fund, department, division, and account	January	Finance Department
2. Compare total actual expenditures from previous fiscal year to establish total expenditures and revenue for current fiscal year	Mid-February	Finance Department
3. Prepare instructions for elected officials and department heads. Indicate any guidelines that should be considered such as estimated	Mid-February	Finance Department City Manager

gasoline increases, telephone, postage, etc.		
4. Send instructions, appropriate budget page and appropriate analysis of expenditures	First Week in March	Finance Department City Manager
5. Complete or update estimates for this year and budget request for next year.	Mid-March	Governing Body and City Manager
6. Attach justification for budget request and return.	April 1	Governing Body and City Manager
7. Review departmental requests and update revenue estimates and proposed adjustments.	First Week in April	City Manager and Finance Department
8. Send budget proposals to governing body	Second Week in April	Finance Department
9. Hold workshops with elected officials, department heads and have hearings for public input.	Third Week in April	Governing Body
10. Return budget preparation turnaround worksheet to elected official or Department heads for relevant comment.	End of April	Finance Department
11. Finalize budget and submit to governing body for review. Estimate ending cash balance as of June 30 and reflect on recap of budget	Early-May	Finance Department
12. Review recommended budget and approve.	May Meeting	Governing Body
13. Prepare budget for submission to DFA/LGD	By June 1 <sup>st</sup>	Finance Department
14. Budget approval granted	By July 1 <sup>st</sup>	DGA/LGD
15. Hold final budget hearing; submit final adjustments and financial reports as of June 30 <sup>th</sup> to DFA/LGD. Approve Annual Budget Resolution.	July 31 <sup>st</sup>	Governing body/Manager
16. Load budget into accounting system	June	Financial Department
17. Review and Certify Budget	By 1 <sup>st</sup> Mon in Sept	DFA/LGD
18. Load final budget adjustments into accounting system	September	Finance Department
19. Certification of tax rates to counties	September	DFL/LGD
20. Instructions to impose tax rate to county assessor	September	Governing Body
21. Conduct comprehensive mid-year	December	Finance Department

review of budget		
22. Approve mid-year adjustments (if needed).	January	Governing Body
23. Submit mid-year adjustments to DFA/LGD (if needed).	January	Finance Department
24. Conduct comprehensive end-of-year review of budget.	June	Finance Department
25. Approve end-of-year budget adjustments (if needed).	June/July	Governing Body
26. Submit end-of-year budget adjustments to DFA/LGD (if needed).	Prior to July 31 <sup>st</sup>	Finance Department

### **Budget Adjustments**

Section 6-6-2 NMSA authorized adjustments in the budget by the City. The DFA/LGD recommends that budget adjustments be implemented 1) whenever necessary during the fiscal year; 2) mid-fiscal year; and 3) fiscal year-end. Budget modifications (transferring from one fund to another fund) must be submitted to the Council as a resolution and receive approval by the DFA/LGD.

Comprehensive mid-year budget review allows the governing body to examine fiscal performance and make budget amendments, if needed. The resolution requesting an adjustment should be approved by the City Council and submitted to the DFA/LGD.

Sections 6-6-6 through 6-6-11 NMSA, 1978, prohibit local governments from making expenditures in excess of the approved budget and make public officials liable for such expenditures. Year-end adjustments should be approved and submitted to the DFA/LGD prior to July 31<sup>st</sup>.

### **Monitoring Performance**

On an as needed basis, financial reports comparing actual year-end-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Financial Department and distributed to City Manager and the Governing Body.

### **ANNUAL AUDIT**

§12-6-3 (a) NMSA 1978 requires local governments to be audited annually. As required, the City of Rio Communities will submit annual financial statements prepared in accordance with generally accepted accounting principles for audit. The audit process will be conducted in accordance with the Office of the State Auditor, 2.2.2 NMAC, Requirements for Contracting and Conduction Audits of Agencies.

### **Role of the Independent Auditor**

It is the policy of the City of Rio Communities to arrange for an annual audit of the City's financial statements to be conducted by a State approved independent account firm.

Per Audit Rule 2.2.2.10 J (3) (d) Neither the IPA nor agency personnel shall release to the Agency by the State Auditor (by an authorizing letter) and the required waiting period of ten business days has passed, the audit report shall be presented to a quorum of the governing authority of the agency for approval at a public meeting.

### **How Often to Review the Selection of the Auditor**

The City of Rio Communities shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every three years to ensure competitive pricing and a high quality of service
4. If the State Auditor denies the recommendation for an audit contract.

### **Selecting an Auditor**

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The City of Rio Communities in selecting an accounting firm shall consider the following factors:

1. The Auditor is a State approved vendor.
2. The firm's reputation in the community.
3. The firm's depth of the understanding of and experience with New Mexico municipalities.
4. The firm's demonstrated ability to provide services requested in a timely manner.
5. The ability of the firm's personnel to communicate with City personnel in a professional and congenial manner.

In selecting an auditor, the City will issue a written Request for Proposal (RFP) for audit services. The audit process will be conducted in accordance with the Office of the State Auditor, 2.2.2 NMAC, Requirements for Contracting and Conducting Audits of Agencies and City Procurement Manual.

Audit services costing no more than \$50,000 excluding gross receipts tax, should be considered small purchases as per 2.2.8(B) (2) NMAC. Audit services costing more than \$50,000 excluding gross receipts tax, should seek competitive sealed proposals and contract for audit services [Procurement Code §13-1-1 to 13-1-199 NMSA and 2.2.8(B)(3) NMAC].

### **Preparation for the Annual Audit**

The City of Rio Communities shall be actively involved in planning for and assisting with the City's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Fiscal Department shall provide assistance to the independent auditors in the following areas:

**Planning** - The Treasurer is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm

**Involvement** – City staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

**Interim Procedures** - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the City's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. City staff will do as much as possible in order to provide requested schedules and documents and to otherwise assist the auditors during any interim audit fieldwork that is performed.

Throughout the audit process, it shall be the policy of the City of Rio Communities to make every effort to provide schedules, documents, and information requested by the auditors in a timely manner.

### **Requirement to Report**

An agency or independent auditor shall report a violation immediately to the State Auditor, immediately upon discovery of any violation of a criminal statute in connection with financial affairs, the State Auditor shall report the violation to the proper prosecuting officer and furnish the officer with all data and information in his possession relative to the violation.

### **Concluding the Audit**

The Auditor shall deliver the annual financial audit report to the State Auditor no later than December 1<sup>st</sup> in accordance with regulation 2.2.2.9(A)(1). Neither the auditor nor the City employees shall release any information to the public relating to the audit at the time of the exit conference or at any other time until the audit report becomes public record [2.2.2.10(J)(3)].

## **INSURANCE**

### **Overview**

It is the policy of the City of Rio Communities to maintain adequate insurance against general liability.

### **Coverage Guidelines**

The limit of the New Mexico's Self Insurer's Fund's liability against each coverage is stated below, subject to all of the terms of the policy having reference to the coverage.

#### Limits of Liability

\$400,000 Per Person Bodily Injury (BI)  
\$750,000 Per Occurrence Bodily Injury (BI)  
\$100,000 Per Occurrence Property Damage (PD)  
\$300,000 For All Past and Future Medical/Medically-Related Expenses Per Occurrence  
\$100,000 Per Occurrence Fire Legal Liability Damage  
\$4,000,000 Annual Aggregate Per Policy

#### General Liability

Limits of Liability	Yes
Deductible Per Occurrence	\$2,500

Auto Liability – See Schedule for Coverage and Deductibles

Limits of Liability	Yes
Combined Single Limit Per Occurrence	\$0

Auto Medical Payments	No
Combined Single Limit Per Occurrence	\$0

#### Auto Physical Damage

See Schedule for Coverage and Deductibles	Yes
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#### Law Enforcement Liability

\$1,000,000 Per Occurrence/\$1,000,000 Aggregate	Yes
Deductible Per Occurrence	\$5,000

Public Officials Errors and Omissions		
\$1,000,000 Per Occurrence/\$1,000,000 Aggregate	Yes	
Deductible Per Occurrence		\$5,000
Foreign Jurisdiction		
\$1 Million Per Occurrence/\$1,000,000 Aggregate	Yes	
Deductible Per Occurrence		0
Emergency Medical Malpractice		
Limits of Liability	Yes	
Deductible Per Occurrence		\$0

**RECORD RETENTION**

Records retention and disposition schedules enable agencies to systematically manage their records and information by specifying how long state records must be maintained and what their final disposition will be. The retention schedules are developed by the State of New Mexico, using the dated compiled in the records inventory, researching legal sources such as state and federal statutes, and discussing the records and information needs of an agency with its records custodian, staff, and legal counsel. Records retention and disposition schedules are filed as state rules and are compiled in the New Mexico Administrative Code (NMAC), Title I, Chapter 15. It is the policy of the City of Rio Communities to fully comply with the State Rules in its financial record retention policies. In accordance with the State Rules, fiscal records retention includes, but it not limited to:

Listing of checks disbursed	3 years
Regular statements of the financial position of the governing unit	10 years
General ledgers	10 years
Subsidiary ledgers and journals	7 years
Cash receipts, stubs, summaries deposit slips, etc.	1 year after audit
Bond, notes, interest coupons, certificates of indebtedness <ul style="list-style-type: none"> <li>➤ Paying agent is a bank or 3<sup>rd</sup> party</li> <li>➤ Paying agent is the a debtor agency</li> </ul>	Certified payment & Certificate of Destruction 2 years after payment & Certificate of Destruction
Certificate of destruction	6 years after bond maturity
Bond Register	Permanent
Special orders or requests for transfer of funds	1 year after placed in minutes
Warrants	4 years
Records of assessments	3 years after settlement
Depletion and depreciation records	3 years



## POLICIES PERTAINING TO FEDERAL AND STATE AWARDS

### ADMINISTRATION OF FEDERAL AND STATE AWARDS

#### Definitions

There are several types of agreements through which the City of Rio Communities may receive financial assistance from a grantor agency:

- ✓ **Grant:** A financial assistance award given to the City to carry out its programmatic purpose.
- ✓ **Contract:** A mutually binding legal agreement where the City agrees to provide supplies or services and the vendor agrees to pay for them.

Throughout this manual, federal or state assistance received in any of these forms will be referred to as a federal or state “award”.

#### Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. Final proposals shall be reviewed and approved by the Governing Body.

#### Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Financial Department shall review the terms, time periods, award amount, and expected expenditures associated with the award.
2. Create new general ledger account numbers. New accounts shall be established of the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources.

#### Compliance with Laws, Regulations and Provisions of Awards

The City of Rio Communities recognizes that as a recipient of Federal and State funds, the City is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the City meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a Federal or State agency:

1. For each award, a City of Rio Communities employee within the department responsible for administering the award will be designated as Grant/Project Manager.
2. The Manager shall take the following steps to identify all applicable laws, regulations, and provision of each grant and contract:
  - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
  - b. For State of New Mexico awards, review the State Uniform Administrative Requirements of Grants and Cooperative Agreements, specific requirements of the granting agency.
3. The Financial Department or management shall identify and communicate any special changes in policies and procedures necessitated by Federal or State awards as a result of the review of each award.

4. The manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, and communications with Federal or State awarding agency personnel.
5. The manager shall cooperate with the City's independent Auditors by informing the firm as to the applicable laws, regulations, and provisions of contracts and grants and communicating known instances of noncompliance with laws, regulations, provisions of contacts and grants to the auditors.

### **Billing and Financial Reporting**

The City of Rio Communities strives to provide management, staff, and funding sources with timely and accurate financial reports applicable to federal and state award. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

The City of Rio Communities shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document.

The following policies shall apply to the preparation and submission of billings to federal and state agencies under awards made to the City of Rio Communities:

1. It is the policy of the City of Rio Communities to request reimbursement after expenditures have been incurred, unless an award specifies another method.
2. Each award normally specifies a particular billing cycle; therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
3. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.
4. All Financial reports required by each federal or state award will be prepared and filed on a timely basis. To the extent the City of Rio Communities' year-end audit results in adjustments to amounts previously reported to federal or state agencies, revised reports should be prepared and filed in accordance with the terms of each award.

The City of Rio Communities shall maintain separate billing records in addition to the official general ledger. Billing records shall be reconciled to the general ledger on a monthly basis.

### **Procurement Under Federal and State Awards**

Procurement of goods and services whose costs are charged to federal or state awards received by City of Rio Communities are subject to all of the specific City of Rio Communities purchasing policies as described in the City's Procurement Manual and the procurement policies of the funding source, whichever is more restrictive.

## **POLICIES ASSOCIATED WITH PETTY CASH AND REIMBURSEMENT**

### **Petty Cash**

Petty cash funds are established to enable departments to make small purchases under \$25.00 without going through the purchase order process. The purpose is to grant flexibility to departments for acquiring very small supplies when required immediately. The use of petty cash fund shall be restricted to those departments whose historical expenditure records justify such utilization as determined by the City Manager.

#### **Authorized Purchases Paid with Petty Cash:**

- Shall not exceed \$25.00
- Shall be for small, minor purchases that are needed immediately to keep operations going.
- No travel or meal expenses shall be reimbursed by the Custodian without the approval of the Finance Department.

#### **Money advanced to an employee for purchases:**

- Employee must sign receipt for the amount of money received.
- Employee must purchase necessary items, obtain an invoice or receipt and have the vendor mark the invoice "PAID".
- Employee must return any change from the purchase, invoice, and signed voucher to the petty cash Custodian.
- Employee must return the original receipt signed by the employee for monies received.

#### **Purchases paid for by the employee with their own funds:**

- Employees must secure an invoice marked "PAID", at the time of purchase.
- Upon return to their department, the employee must secure authorizations to pay for the purchase from the Manager. The employee must then sign the receipt or invoice showing the date, amount paid, reason for purchase, and items purchased.
- Submit receipt or invoice to the petty cash Custodian for reimbursement.
- Employee must sign the voucher as having been reimbursed for the expenditure by the petty cash Custodian.

#### **Reimbursements:**

- Petty cash should be reimbursed as soon as the fund is depleted by 50% or on the last working day of the month in the case of less active funds. The Treasurer at their discretion may make other requirements depending on special circumstances
- All vouchers for a specified period should be submitted for reimbursement and there should be no overlapping dates. For example, if previous reimbursement covered a period from the 1<sup>st</sup> to the 15<sup>th</sup> of the month and current reimbursement covers the period from the 16<sup>th</sup> to the 31<sup>st</sup> of the month, no vouchers from a date previous to the 16<sup>th</sup> of the month will be accepted.
- When reimbursement is requested:
  - Separate vouchers by line item account classifications.
  - Run a tape of the total of each group of expenditures by classification
  - Record the totals by classification on a Petty Cash Reimbursement Request Summary.

- Certifying valid authorized purchases by signing, dating, and submitting to the Finance Department for audit and reimbursement.

#### **Overages and Shortages in the Petty Cash Funds:**

- *Shortages:* When a shortage exists in a petty cash fund, the shortage report will be completed showing the date and amount of shortage and an explanation to the best of the knowledge of how it occurred. The shortage report must be properly signed by the Treasurer and approved by the Manager before submission to the Finance Director for final approval and action.
- *Overages:* When an overage occurs in a petty cash fund, an overage report will be completed and held in the fund until reimbursement, at which time the report and overage amount will be submitted to the Finance Department for deposit at the time the fund is reimbursed.

#### **Petty Cash Fund Balance and Auditing:**

- It is the responsibility of the Petty Cash Fund Custodian to keep the fund in balance at all times. All petty cash funds are subject to audit by the City Manager or Finance Director without notice.
- It is the responsibility of the Finance Director or authorized representative to audit all vouchers, invoices, receipts, etc., submitted to them by persons entrusted with petty cash funds. Audit procedures include the following:
  - Review of completed voucher, showing all pertinent information (i.e. date, amount, reason for disbursement, correct account number) and showing the signature of the vendor and approved by the Department Director/Manager.
  - Inspect all invoices to determine that the expenditure is valid.
  - Check for correctness of extensions, additions, or alterations of any amount on the invoice.
  - If no exceptions are noted, initial and approve the Reimbursement Request and submit to accounts payable for payment.
  - If errors are noted, the errors will be reported in writing to the responsible Custodian and corrected before reimbursement is approved.

#### **Establishing New Funds or Closing or Increasing Existing Funds:**

- Should a department wish to increase an existing fund or establish a new petty cash fund, the Department Director/Manager will submit a written request to the Finance Director stating the amount desired (not to exceed \$200.00), the reason why it is necessary, and to whom the fund will be assigned. If approved, the Finance Director will process for funds and make arrangements with Custodian to review these procedures and the Custodian will complete a Custodian's Statement of Responsibility.
- Prior to or upon termination of employment of any Custodian, the Finance Director or authorized representative will immediately audit the fund and take immediate action for any shortages or overages. The fund will then be closed.

## **POLICIES ASSOCIATED WITH INTERNAL CONTROL PROCEDURES**

### **Internal Controls**

It is the overall policy of the City of Rio Communities that all banking transactions including deposits and bills will be reviewed and initialed by at least 3 people for fraud prevention. The following procedures will document a general workflow to facilitate this policy.

#### **Accounts Payable:**

1. Mail will be picked daily by either the Mayor or the City Manager and delivered to the City Manager. The mail will be picked up an additional time mid-day on the Tuesday of City Council meetings so they can be included in accounts payable report.
2. Any bills will be opened by the City Manager. The City Manager will stamp the bill as received, date and initial said bill.
3. The City Manager will review all bills to insure they are appropriate and correct. Any questionable bills will be taken to the Finance Director/treasurer/procurement officer for verification and investigation.
4. Once approved by the City Manager, the bill will be given to the finance clerk who will match POs if required, packing slips, and any other appropriate documentation. Said clerk will enter the bill into the accounting program and stamp ENTERED, with date and initials.
5. The treasurer will submit to the City Council a list of bills for approval during each City Council meeting.
6. Once approved, the finance director/designee will issue checks against the bills. The printed checks will be compared to invoices, bills, etc. by the City Manager and the Mayor, dated and initialed that they are approved as written before they are signed.
7. Once confirmed that the printed checks are correct, the checks will be signed by 2 authorized persons.
8. The finance director or designee will then prepare and mail the bills.

#### **Accounts receivable:**

1. ALL check or cash payment received in the office will have a receipt issued.
2. A copy of this receipt will accompany the check or cash to the treasurer. Checks will be immediately stamped with "For Deposit Only". ALL cash deposits will have a receipt written back documenting that receipt of cash, the amount, date, and from whom the cash was received.
3. All electronic submissions (ACH state payments, credit card payments, franchise) will be stamped as received by the city manager and will be accompanied by a copy of a bank history statement and any documentation such as State disbursement statement, credit card receipt, franchise statement, etc.
4. The paperwork will be stamped with a entered date and initials as well as two approved stamps.

**W-9:**

1. All vendors must submit a W-9 to do business with the City.
2. The W-9 of any new vendor must be approved by the City Manager before being entering into Quickbooks.
3. The City Manager will verify the existence of the vendor and physical address.