

## Accounts Payable Reconciliation

**Responsible Party:** City Administration Officer

**Policy Statement:** The City of Johnson reconciles Accounts Payable on a monthly basis to ensure reported financials are accurately reflected and sufficiently documented. Accounting staff verify that the detailed total of all accounts payable outstanding matches the payables account balance stated in the general ledger. This ensures that the amount of accounts payable reported in the balance sheet is correct. Any concerns or variances are to be discussed with the City Administration Officer as part of the monthly close process.

**Scope:** This policy applies to any City of Johnson staff responsible for the execution of Accounts Payable account reconciliations including the processing of all associated adjusting journal entries to the general ledger. Any adjusting entries needed are to be made during the monthly close process.

### Definitions:

- **Accounts Payable:** Accounts payable (AP) is an account within the general ledger that represents the City's obligation to pay off a short-term debt to its creditors or suppliers. Another common usage of "AP" refers to a department or division that is responsible for making payments owed by the company to suppliers and other creditors.
- **General Ledger:** A general ledger is an electronic application that contains all financial transactions for Johnson. Currently, the general ledger (system of record) is FundView. Information from the general ledger is used by City of Johnson to analyze, report, and monitor the results of the business.
- **Obligation:** An obligation is a commitment to pay a third party based on an underlying contract, such as a purchase order, mortgage, or bond issuance.
- **Short Term Debt:** Short-term debt, also called current liabilities, is a firm's financial obligations that are expected to be paid off within a year.
- **Reconciliation:** Reconciliation is an accounting process that compares two sets of records to check that figures are correct and in agreement; it confirms that accounts in the general ledger are consistent, accurate, and complete. Reconciliation is particularly useful for explaining the difference between two financial records or account balances. Some differences may be acceptable because of the timing of payments and deposits.

**Policy Steps:**

1. The City Administration Officer will compare the ending accounts payable account balance in the general ledger for the immediately preceding period to the aged accounts payable detail report as of the end of the same period.
  - a. If these numbers do not match, earlier periods need to be reconciled before attempting to reconcile the current period. If the variance is immaterial, it may be acceptable to proceed with the reconciliation for the current period.
2. The bookkeeper will review the accounts payable ledger account to see if any journal entries were made to the account during the current reporting period.
  - a. If so, document these items in the AP reconciliation spreadsheet.
3. Print the ending aged accounts payable report for the current reporting period.
  - a. Enter the total amount outstanding from this report on the reconciliation spreadsheet. At this point, the reconciliation should be complete.
4. If there is still a variance, and it is not a variance that occurred in a prior period, consider the following additional reconciliation steps:
  - a. Verify that the accounts payable journal was properly posted to the general ledger.
  - b. Verify that the aged accounts payable report was printed after all posting was completed.
  - c. Verify that the general ledger is set to the correct reporting period.



## Revenue Recognition

**Policy Statement:** The City of Johnson will:

- A) Recognize revenue according to the service and period to which the revenue applies. Applicable estimated fees, if any, are included in revenue in the proportion that incurred costs bear to total estimated costs.
- B) Classify income from services provided as gross income generated directly from participants utilizing a service operated / administered by the City. If authorized by Federal regulations or the grant / loan agreement, costs incidental to the generation of program / service income may be deducted from gross income to determine program / service income.
- C) Property Tax income will be classified appropriately when deposited via ACH monthly. Revenue based on the receipt of property taxes will be recognized once it is received.
- D) Acknowledge that depending on the method provided in the grant / loan agreement program income should be deducted from outlays, added to funds committed to the grant / loan agreement / bonds, or used to meet cost sharing or matching requirements of the grant / loan agreement.

**Scope:** This policy applies any and all monies received by the City

### Definitions:

- 1. Arrangement: Identification of a contract with a customer
- 2. Performance Obligations: Service to be performed for the determined price.
- 3. Price Determination: The price to the buyer is fixed or determinable and the allocation of transaction price is related to performance obligations
- 4. Services Rendered: Delivery of promised services required for payment.

### Policy Steps:

- 1. A contract is initiated with a customer, which contains information regarding rates for services provided, and when billing will occur.
- 2. Based on the arrangement determined within the contract, the City of Johnson satisfies the performance obligations outlined in the contract.
- 3. If rates are predetermined, and are expected to change, the customer must be notified and acknowledge this change.
- 4. Services are rendered for a previously determined, and agreed upon price, and revenue is received based on the use for a predetermined period of time.

## Accounts Receivable

**Responsible Party:** Chief Administration Officer

**Policy Statement:** City of Johnson accounting function ensures that invoices/billings for all goods or services provided are prepared and distributed in a timely manner to optimize cash flow.

**Scope:** This procedure applies to all State, County and local funding / revenue sources for the City.

### Definition:

1. Invoice Types:
  - a. Water Utilities (usage, drainage, treatment, etc.)
2. Billing
  - a. Water Supply Service (customer, commercial billings)
  - b. Wastewater Service
  - c. Penalties & Interest
  - d. Connection & Transfer Fees
  - e. Property Tax fees

### Policy Steps:

1. An invoice is to be issued for goods or services rendered by the City
2. Invoices are to be recorded, by the City Administration Officer or designated individual, into the respective customer account/subsidiary ledger. (i.e. AVR for water). If the recording process is automated, a review should be performed to ensure the automated recording is complete and free of issue.
3. Collection of invoices is to be initiated per the date and terms originally stated on the invoice.
4. A listing of outstanding invoices for each subsidiary ledger is to be reviewed at the end of each month by the City Administration Officer
  - a. Any outstanding amounts greater than 120 days old are to be handled in accordance with the Uncollectable Accounts & Write Offs policy
  - b. The delinquent account is recorded and retained in the case re-activation is requested, the balance past due must be caught up prior to service being provided
  - c. The delinquent accounts may be sent to a collection agency, at the discretion of the City Council
5. Returned checks due to insufficient funds, closed accounts, stop payments, incorrect bank account information, etc. will be recorded within the GL as NSF, and a fee will be assessed. Management will notify the necessary parties via certified letter requesting the original amount as well as the assessed NSF fee.

6. Customer refunds should be disbursed by the City Administration Officer supported by appropriate documentation.
7. A reconciliation of accounts receivable is to be performed as part of the monthly close process by the bookkeeper, and is reviewed by the City Administration Officer.

## **Uncollectable Accounts and Write-off of Bad Debt:**

**Responsible Party:** City Administration Officer

**Policy Statement:** City of Johnson will utilize the direct write-off method to recognize all uncollectible accounts receivable

**Scope:** This policy applies to any City of Johnson staff responsible for the collectability of accounts receivable including the processing of all associated adjusting journal entries to the general ledger. Any adjusting entries needed are to be made during the monthly close process.

### **Definitions:**

- Aged Accounts Receivable - a report that lists unpaid customer invoices and unused credit memos by date ranges. The aging report is the primary tool used by collections personnel to determine which invoices are overdue for payment. Given its use as a collection tool, the report may be configured to also contain contact information for each customer. The report is also used by management, to determine the effectiveness of the credit and collection functions. A typical aging report lists invoices in 30-day increments.

### **Policy Steps:**

1. Age all Accounts Receivable balances and review such aging on a monthly basis.
2. Accounts receivable balances will be aged on a 0-30 / 31-60 / 61-90 / Greater than 90 day basis.
3. A schedule of aged accounts receivables will be prepared monthly and reviewed for collection by the City Administration Officer.
4. Monthly account balances are due on the 10<sup>th</sup> of each month, and are considered past due on the 1<sup>st</sup> of the following month.
5. A letter with notice of past due balance will be sent out at the end of each billing period, as well as the notice of service disruption if the balance is not paid by the specified date listed.
6. Accounts aging past 90 days will be provided to the City Council for determination to:
  - i) Turned over to an agency for collections
  - ii) Be considered for write off as uncollectable
7. All write-offs of account balances over \$300 that have been deemed uncollectible must be approved in writing by the City Administration Officer.
8. Annually the City Administration Officer will perform a historical collections analysis to determine the subsequent year's allowance for uncollectable accounts.



## Accounts Receivable Reconciliation

**Responsible Party:** City Administration Officer

**Policy Statement:** The City of Johnson reconciles Accounts Receivables on a monthly basis to ensure reported financials are accurately reflected and sufficiently documented as part of the monthly close process. Accounting staff verify that the detailed total of all accounts receivable outstanding matches the receivables account balance stated in the general ledger. This ensures that the amount of accounts receivable reported on the balance sheet is correct.

**Scope:** This policy applies to any City of Johnson staff responsible for the execution of Accounts Receivable account reconciliations including the processing of all associated adjusting journal entries to the general ledger.

### Definitions:

- **Accounts Receivable:** Accounts receivable (AR) is the balance of money due to a firm for goods or services delivered or used but not yet paid for by customers. Accounts receivables are listed on the balance sheet as a current asset.
- **Reconciliation:** Reconciliation is an accounting process that compares two sets of records to check that figures are correct and in agreement; it confirms that accounts in the general ledger are consistent, accurate, and complete. Reconciliation is particularly useful for explaining the difference between two financial records or account balances. Some differences may be acceptable because of the timing of payments and deposits.
- **Adjusting Entry:** Adjusting entries are usually made on the last day of an accounting period so that a company's financial statements comply with the accrual method of accounting
- **General Ledger:** A general ledger is an electronic application that contains all financial transactions for the City of Johnson. Currently, the general ledger (system of record) is FundView. Information from the general ledger is used by the City of Johnson to analyze, report, and monitor the results of the business.
- **Subsidiary Ledger:** A record of the details to support a general ledger account. The general ledger account is often referred to as the control account. For example, the accounts receivable subsidiary ledger provides the details to support the balance in the general ledger control account Accounts Receivable.

### Policy Steps:

1. The City Administration Officer will ensure that all transactions have been recorded for the period and that all subsidiary ledger balances have been posted to the general ledger. The resulting ending balance in the receivables account is the summary total to be verified through a reconciliation.
2. The City Secretary will Print/Run the General Ledger for the time period being reconciled



**Policy Steps cont.**

3. The City Secretary will Print/Run the Aged Accounts Receivable Report for the time period being reconciled
4. From the AVR system, the detailed listing of unpaid customer billings should match the ending balance in the general ledger
5. The City Secretary will compare the totals of the Aged Accounts Receivable Report to the General Ledger
  - a. These amounts should match
6. To reconcile AR, the account balance is pulled from the general ledger, and all activity for the period is run within the AVR system and FundView (billings and payments).
7. Review the account activity for the period and sum the billings from AVR against the receivables within FundView to obtain the subledger balance.
8. The City Administration Officer, or a member of City Council will review the AR reconciliation prior to the end of the period.
9. When the reconciliation is conducted, there may be differences between the two amounts for the following reasons:
  - a) A journal entry was made to the general ledger account that bypassed the subsidiary sales ledger.
  - b) A billing was accidentally posted to an account other than the account receivables account.
  - c) The aged receivables report was run as of a different date than the date used to obtain the general ledger balance.

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>
0.1	Weaver	01/31/2023	First Draft

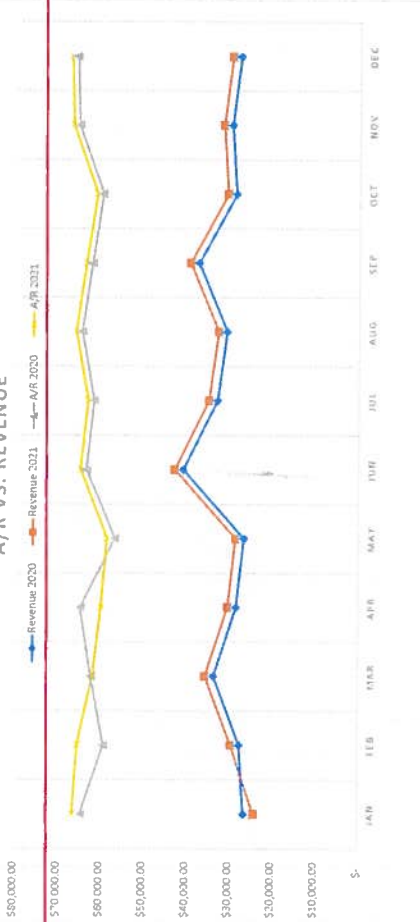
<b>Document Control</b>	
<b>AR Recon &amp; Revenue Recognition Policy</b>	
Version number: 0.1	Author(s): Name/Title/Division
Date Approved:	Document Status:
Effective Date:	Approved By:
Superseded Version:	Date of Next Review:



### Accounts Receivable Analysis

Period	Revenue 2020	Revenue 2021	A/R 2020	A/R 2021
Jan	\$ 26,553.25	\$ 24,229.31	\$ 64,599.32	\$ 66,501.36
Feb	\$ 27,561.22	\$ 29,561.22	\$ 59,354.55	\$ 65,395.84
Mar	\$ 33,698.77	\$ 35,698.77	\$ 62,312.32	\$ 61,854.23
Apr	\$ 28,448.54	\$ 30,448.54	\$ 64,856.22	\$ 60,000.00
May	\$ 26,694.89	\$ 28,694.89	\$ 56,874.46	\$ 58,693.45
Jun	\$ 40,986.21	\$ 42,986.21	\$ 63,489.78	\$ 64,834.78
Jul	\$ 33,016.23	\$ 35,016.23	\$ 61,821.33	\$ 63,166.33
Aug	\$ 30,856.12	\$ 32,856.12	\$ 64,619.12	\$ 65,964.12
Sep	\$ 37,488.61	\$ 39,488.61	\$ 62,306.47	\$ 63,651.47
Oct	\$ 28,783.45	\$ 30,783.45	\$ 59,893.54	\$ 61,238.54
Nov	\$ 29,825.23	\$ 31,825.23	\$ 65,428.64	\$ 66,773.64
Dec	\$ 27,844.45	\$ 29,844.45	\$ 65,896.44	\$ 67,241.44

### A/R VS. REVENUE



Input the Total Receivables from the "Systems Totals" Report from RVS for the closed month

Input the final revenues for the closed month

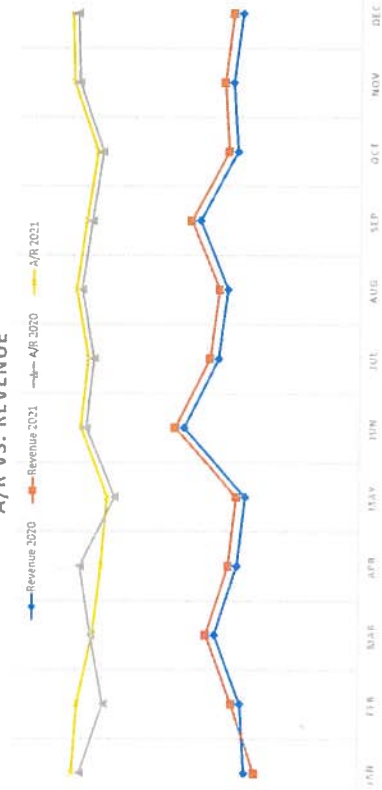
#### Reference:

1. At the close of each billing period, receivables are reconciled within RVS and the Systems Totals Report is run for the period.
2. Use the receivables data from within the Systems Totals Report to populate this graph along with revenue data once it's determined for the same period.

**Accounts Receivable Analysis**

Period	Revenue 2020	Revenue 2021	A/R 2020	A/R 2021
Jan	\$ 26,553.25	\$ 24,229.31	\$ 64,599.32	\$ 66,501.36
Feb	\$ 27,561.22	\$ 29,561.22	\$ 59,354.55	\$ 65,395.84
Mar	\$ 33,698.77	\$ 35,698.77	\$ 62,312.32	\$ 61,854.23
Apr	\$ 28,448.54	\$ 30,448.54	\$ 64,856.22	\$ 60,000.00
May	\$ 26,694.89	\$ 28,694.89	\$ 56,874.46	\$ 58,693.45
Jun	\$ 40,986.21	\$ 42,986.21	\$ 63,489.78	\$ 64,834.78
Jul	\$ 33,016.23	\$ 35,016.23	\$ 61,821.33	\$ 63,166.33
Aug	\$ 30,856.12	\$ 32,856.12	\$ 64,619.12	\$ 65,964.12
Sep	\$ 37,488.61	\$ 39,488.61	\$ 62,306.47	\$ 63,651.47
Oct	\$ 28,783.45	\$ 30,783.45	\$ 59,893.54	\$ 61,238.54
Nov	\$ 29,825.23	\$ 31,825.23	\$ 65,428.64	\$ 66,773.64
Dec	\$ 27,844.45	\$ 29,844.45	\$ 65,896.44	\$ 67,241.44

**A/R VS. REVENUE**



## Cash Management

**Purpose:** City of Johnson has implemented a cash management function is to fulfill the fiduciary responsibilities in handling, safeguarding, and investing the funds of the City. This Cash Management Policy provides guidance on internal controls to assure the safety of the cash.

**Scope:** This policy applies any City of Johnson staff responsible for the initiation, execution, and authorization of fiduciary responsibilities in handling, safeguarding, and investing the funds of the City.

### Definitions:

- **Internal Control:** Internal controls are the mechanisms, rules, and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.
- **Segregation of Duties:** The separating of three main functions and having them conducted by different employees: Having custody of assets. Being able to authorize the use of assets. Recordkeeping of assets.

## Bank Account Administration

**Responsible Party:** City Administration Officer

**Policy Statement:** City of Johnson will create and utilize bank accounts to manage financial operations. The City Secretary is responsible for the usage of bank accounts.

### Definitions:

- **Wire Transfer:** A wire transfer is a form of electronic payment, occurring between two banks. Unlike ACH payments however, wire transfers are immediate since they don't have to process through a clearinghouse.

### Policy Steps:

- The bank's online system shall be able to provide the ability to review posted transactions, current balances and monthly statements per account
- Accounts must be carried in the name of the City with additional secondary designations within the bank account name as to purpose of the bank account, where appropriate
- Accounts must be FDIC-insured or insured by another institution
- Accounts must be able to partake in ACH/wire transactions
- Accounts must be reconciled on a monthly basis to FundView; See "Reconciliations Guide" for details
- Funds will be maintained in interest-bearing accounts, where possible and practical
- Satisfying the provisions of a grant or contract where a separate bank account is required to maintain funds

## Check Issuance

**Responsible Party:** City Administration Officer

**Policy Statement:** City of Johnson will utilize physical checks as a method of paying for expenditures. All checks are to be prepared by the City Secretary and then presented to the City Council or City Administration Officer for review, approval, and signing of the check.

**Scope:** This policy applies any City of Johnson staff responsible for the preparation, review, approval, and signing authorization of checks.

### **Definitions:**

- **Check payment:** a negotiable instrument drawn against deposited funds, to pay the recipient a specific amount of funds on demand. A check has traditionally been physically routed from the payer to the payee, then to the payee's bank, which issues funds to the payee, and then by the payee's bank to the payer's bank.
- **Expenditures:** The act of expending funds, especially funds; disbursement; consumption.

### **Policy Steps:**

1. City Secretary acquires a blank check from accounting staff.
2. City Secretary fills out check and makes a copy of the invoice or documentation that evidences justification for the check.
3. City Secretary compiles all checks requiring approval into a packet that is to be presented to the City Council or City Administration Officer for review, approval, and signing. Furthermore, the City Council validates that the next blank check in the register is sequentially the next check after the last one that was presented to the council and also verifies that all checks provided to them for review are in sequential order.

## Cash Receivables

**Responsible Party:** City Administration Officer

**Policy Statement:** City of Johnson requires that all cash received is to be posted, counted, verified, and signed off by the City Secretary in the presence of an available staff member and deposited to the bank on the current or next business day. Cash receipts are received by the City in three ways: via mail, in-person, and an after-hours drop box.

**Scope:** This policy applies all City of Johnson staff responsible for any activity involved in receiving cash receipts.

### **Definitions:**

- **Cash Receipt:** A cash receipt is the collection of money, typically from a customer, to offset a corresponding accounts receivable balance.



- Accounts Receivable: Accounts receivable is the balance of money due for goods or services delivered or used but not yet paid for by customers. Accounts receivables are listed on the balance sheet as a current asset.

**Policy Steps:**

1. When the City of Johnson City Secretary receives a cash receipt, they should immediately document it in the Cash Receipts Log.
2. The receipt amount is then posted within the appropriate ledger (FundView, AVR, etc).
3. The receipt amount is locked in the safe until counting and verification at the close of business
4. At the close of business, the City Secretary in the presence of an available staff member, counts all cash receipts received for the day.
  - a. The total cash amount received is then compared to the total amount calculated on the receivables log.
5. Both the City Secretary and a member of City Council or the City Administration Officer sign off on the receivables log that cash received for the day match with the log.
  - a. Log is filed for audit purposed.
6. City Secretary completes a deposit slip for the total amount.
7. The deposit is then made to the bank by the City Secretary on the current or following business day.
  - a. If the deposit is to be made the following business day, the cash is to be held in the safe overnight.

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>
0.1	Weaver	01/31/2023	First Draft

<b>Document Control</b>	
<b>Cash Management</b>	
Version number: 0.1	Author(s): Name/Title/Division
Date Approved:	Document Status:
Effective Date:	Approved By:
Superseded Version:	Date of Next Review:

## Asset Management Policy

**Purpose:** The City of Johnson has implemented an Asset Management policy developed institutes the guidelines for accounting, safeguarding, and managing assets throughout the City. The policy establishes rules that ensures compliance, accountability, responsibility, safekeeping, and adequate control of assets.

**Scope:** This policy applies any City of Johnson staff responsible for the recording, custody, and authorization of fiduciary responsibilities in handling, and safeguarding the fixed assets of the City.

### Definitions:

- **Capital Asset:** As defined by GASB 34, capital assets are assets that exceed a certain cost threshold and have a useful life in excess of one year. For Johnson City, that cost threshold is \$5,000. The term capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, construction in progress, leasehold improvements and all other tangible or intangible assets plus any ancillary cost necessary to place the asset into service at its intended location.
- **Fund:** A sum of money saved or made available for a particular purpose.

### Fixed Assets

**Responsible Party:** City Administration Officer and City Secretary

**Policy Statement:** Management responsibility for the Fixed Asset management program is hereby delegated to the City Administration Officer of the City of Johnson, or in the absence of the City Administration Officer, the City Secretary, or such other person specifically designated by the Manager. Day-to-day asset management will be performed with coordination of the City Administration Officer. To insure internal control and integrity of each asset acquired or disposed of under this policy, the City Administration Officer shall review the acquisition and disposal activity semi-annually.

### Asset Categories

**Land:** Refers to the crust of the earth that is used to support various structures such infrastructure and buildings. Land should always be capitalized separately regardless of its close association with another asset, it has indefinite useful life and therefore it is not subject to depreciation. Costs that can be capitalized along with the acquisition of land include: commissions, professional fees such title searches, architect, legal, engineering, appraisal, surveying and environmental assessments that are directly associated with the land being acquired, land clearing, excavation, fill, grading, drainage and the cost of removing, relocating or reconstructing the property of others (railroad, telephone and power lines).

Land that is acquired for use as toxic waste disposal, source of gravel or ore, or for farming in which fertility dissipates very quickly should be capitalized, depreciated and reported separately from other land assets.

**Land Improvements:** Refers to attachments to land that are not movable and add value to the land. Examples of improvements are fences, retaining walls, parking lots, landscaping, outside sprinkler systems, paths and trails, swimming pools, tennis courts, gates, fountains, recreation areas and athletic fields.

**Buildings and Building Improvements:** Refers to the cost of acquisition or construction of permanent structures that are attached to the land and are used to house persons and property. Building improvements are additions to the original building that add value to the building and/or extend its useful life beyond the original life. Permanent installed fixtures to or within these structures are considered part of the building. Expenditures that can be capitalized as part of the building depend on whether the government is purchasing or constructing the building. If purchasing the building, capitalizable expenditures include: the original acquisition price, expenses related to remodeling or reconditioning the building to make it ready for use; environmental compliance, professional fees (sales commission, appraisal, title and legal) and any other cost required to place the asset in operation. If the government is constructing the building, capitalizable costs include: the completed project cost (labor, materials, overhead, engineering charges, architect, permits, blueprints etc.), and capitalized interest for enterprise type activities.

**Infrastructure:** Refers to assets that are stationary in nature and that can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are normally reported as networks or subsystems rather than as individual assets in their own right. Examples of infrastructure assets are: roads, streets, curbs, gutters, sidewalks, fire hydrants, bridges, railroads, trestles, canals, waterways, dams, drainages, water and sewer systems, tunnels, fiber optic and telephone distribution lines, light systems (traffic, outdoor, streets etc.), signage, airport runway, strip and taxiway.

**Furnishing and Equipment:** Refers to movable tangible assets that are used for operations. Capitalizable cost of equipment and furnishing should include ancillary charges that are necessary to place the asset into its intended location and condition for use. Examples include rolling stock, construction and maintenance equipment, office equipment and furnishing, IT equipment, and public use equipment such playgrounds that are above the capitalization threshold as set by the City.

Vehicles should be recorded as vehicles rather than equipment because they are different in nature as they are assets that can move itself under its own power.

**Easements:** Defined as an interest in land owned by another party that entitles its holder to a specific use or enjoyment. Easements are not depreciable assets as they are characterized as having an inexhaustible life. However, in the event of an easement that is subject to a constraint in time, the City should depreciate this asset using the useful life that it represents.

**Leasehold Improvements:** Defined as improvements made to leased property that will revert to the lessor at the expiration of the lease.

**Construction in Progress:** Refers to cost incurred to construct or develop a tangible or intangible capital asset before it is substantially ready to be placed into service. Once project is completed, the capital asset should be capitalized to its appropriate capital asset category (land, building, equipment, infrastructure, etc.). Projects are capitalized as completed assets upon the earlier occurrence of substantial completion, occupancy or when the asset is placed into service.

**Accounting for depreciation:** The City's Fixed Assets will be depreciated on a straight line basis over the expected useful life of the asset.

**Definitions:**

- Depreciation: A reduction in the value of an asset with the passage of time, due in particular to wear and tear, a provision typically made for depreciation of fixed asset.

**Policy Steps:**

1. A purchase of an asset outlined in the categories within this policy is acquired for the city.
2. The City Administration Officer or the City Secretary review the ideal useful life of the asset, and record the asset on the balance sheet along with the straight line depreciation to be carried out over time, as well as the salvage value of the asset.
3. Monthly record an entry for accumulated depreciation against the asset in order ensure the asset is recorded at the appropriate value on the balance sheet.
4. Upon the disposal of an asset, record the entry to reflect the manner of disposal, whether it was sold at salvage value or scrapped (disposed of without receipt of funds).

Version Control			
Version	Author	Date	Changes
0.1	Weaver	01/31/2023	First Draft

Document Control	
<b>Fixed Asset Policy</b>	
Version number: 0.1	Author(s): Name/Title/Division
Date Approved:	Document Status:
Effective Date:	Approved By:
Superseded Version:	Date of Next Review:





## **IT Access & Recovery**

**Responsible Party:** City Administration Officer

1. **Policy Statement:** City of Johnson will utilize a locally stored, out-of-the-box version of FundView to manage the City's ledger. The FundView application is to be stored on a computer owned by the City. Ledger data is backed up at the end of business every day to an offsite server to mitigate the risk of data loss. The City of Johnson retains documentation pertaining to IT. The City Administration Officer is responsible for maintaining any and all IT policy/procedure documentation and performing a review of documentation on a periodic basis to ensure documentation is up-to-date to current City operations.

**Scope:** This policy applies any Johnson City staff responsible for the initiation, execution, and authorization of disbursement transactions.

### **Definitions:**

IT (Information Technology): The use of systems, especially computers and telecommunications, for storing, retrieving, and sending information.

Data Backup: An additional copy of data from within a system maintained somewhere other than the system of record.

Data Recovery: The process of restoring data that has been lost, accidentally deleted, corrupted or made inaccessible

### **Policy Steps:**

1. The City of Johnson will utilize a billing tool called "AVR" to manage the water and sewage operations and FundView for the accounting aspect of the municipality. Each system resides within a different computer, and this data is all locally maintained.
2. The AVR application is to be stored on a computer owned by the City. AVR and FundView data backed up on a daily basis to a cloud-based server accessible by the outsourced IT function (ITNS – IT Network Specialists) to mitigate the risk of data loss.
3. Passwords are to be changed periodically, ideally every 90 days, and should meet complexity requirements, generally 12 to 14 characters, including a combination of uppercase letters, lowercase letters and symbols. Furthermore, passwords should not to be shared. If another individual is required to log into the application, they are to have their own login and password as a back-up.
4. On the last working day of the month, The City Administration Officer will create a cutoff/restore point for the two computers.



5. FundView Online utilization can alleviate risk of data loss and frequent backups, data accessibility, and constraints on user access.
6. In the case where the physical location of the systems is compromised, the City has an additional site where business can resume. This should preferably be offsite and within a reasonable distance from their current physical location so that employees can easily reach the location.
7. Monthly Blanco County tests the emergency systems along with the City of Johnson.

# 2023 Loan Compliance

## LOAN ANALYSIS

INTEREST RATE	<b>0.00%</b>	MONTHLY PAYMENT	<b>\$4,583.33</b>
YEARS OF LOAN	<b>1</b>	TOTAL PAYMENT	<b>\$55,000.00</b>
LOAN AMOUNT	<b>\$55,000.00</b>	TOTAL INTEREST	<b>\$0.00</b>
PAYMENTS DUE	<b>End of Period</b>		

RATE	PaymentDate	Account	Starting Balance	1	EOM Balance
0.00%	1/31/2020	Sinking Fund	\$55,000.00	\$4,583.33	\$50,416.67
0.00%	2/29/2020	Sinking Fund	\$50,416.67	\$4,583.33	\$45,833.33
0.00%	3/31/2020	Sinking Fund	\$45,833.33	\$4,583.33	\$41,250.00
0.00%	4/30/2020	Sinking Fund	\$41,250.00	\$4,583.33	\$36,666.67
0.00%	5/31/2020	Sinking Fund	\$36,666.67	\$4,583.33	\$32,083.33
0.00%	6/30/2020	Sinking Fund	\$32,083.33	\$4,583.33	\$27,500.00
0.00%	7/31/2020	Sinking Fund	\$27,500.00	\$4,583.33	\$22,916.67
0.00%	8/31/2020	Sinking Fund	\$22,916.67	\$4,583.33	\$18,333.33
0.00%	9/30/2020	Sinking Fund	\$18,333.33	\$4,583.33	\$13,750.00
0.00%	10/31/2020	Sinking Fund	\$13,750.00	\$4,583.33	\$9,166.67
0.00%	11/30/2020	Sinking Fund	\$9,166.67	\$4,583.33	\$4,583.33
0.00%	12/31/2020	Sinking Fund	\$4,583.33	\$4,583.33	\$0.00







## New Service Policy

**Responsible Party:** City Administration Officer

**Policy Statement:** The City of Johnson ensures that only authorized customers who have paid the City of Johnson a deposit, and signed a service contract with The City will be serviced in accordance with The City contract.

**Scope:** This policy applies to the Johnson City staff responsible for the initiation, execution, and authorization of water services and customer account set up.

### Definitions:

- **Contract:** A written or spoken agreement, especially one concerning employment, sales, or tenancy, which is intended to be enforceable by law.
- **Deposit:** A sum payable as a first installment on the purchase of something or as a pledge for a contract, the balance being payable later.
- **Delinquent:** An expression used to describe a payable that is in arrears, still owed, over a period of time.

### Policy Steps:

1. A potential customer calls or walks into the City of Johnson utility building and requests service for a specified address.
2. A completed contract will be signed and will be retained within the city records for the account creation.
3. Customers are required to pay a \$250 deposit to commence water service to the address specified on the contract.
4. A paper receipt is given to the customer to retain for their records, and a copy is retained by the City Administration Officer to attach to the customer contract.
5. Once the City Administration Officer obtains both the deposit and the signed contract, the customer is entered into the AVR system.
6. When the customer is entered into the AVR system, an employee of the city goes to the location where water service has been requested and takes an initial meter reading.
  - a. Meters are read 5 days before the end of the billing cycle
  - b. Billings are produced based on actual meter data
  - c. Documentation supporting the billing should be recorded within AVR.
7. A monthly reconciliation is performed to determine which customer accounts are delinquent, and will receive notice of payment due.
8. If a customer account is delinquent, or is in arrears, the balance should be paid in full within 45 days of the overdue balance date in order to ensure continual service.

9. If the account becomes more than 45 days overdue, the service is to be discontinued and a final bill for service will be sent to the customer.
10. If the delinquent balance is paid in full, the City of Johnson will charge a \$25 reconnection fee as outlined in The City contract.

See below for a sample contract for new service setup. (Please provide an example of a Service Agreement between the City and a customer)

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>
0.1	Weaver	01/31/2023	First Draft

<b>Document Control</b>	
<b>New Service Policy</b>	
Version number: 0.1	Author(s): Name/Title/Division
Date Approved:	Document Status:
Effective Date:	Approved By:
Superseded Version:	Date of Next Review:



## Notes Payable (Loans) Reconciliation

**Responsible Party:** City Administration Officer

**Policy Statement:** City of Johnson reconciles Notes Payable on a monthly basis to ensure reported financials are accurately reflected and sufficiently documented. Any concerns or variances are to be discussed with the City Administration Officer as part of the monthly close process.

**Scope:** This policy applies to any City of Johnson staff responsible for the initiation, execution, and authorization of Notes Payable reconciliations including the processing of all associated adjusting journal entries to the general ledger. Any adjusting entries needed are to be made during the monthly close process.

### Definitions:

- Notes Payable: Notes Payable is a general ledger liability account in which a company records the value amounts of the promissory notes that it has issued. The balance in Notes Payable represents the amounts that remain to be paid. Typically a “note” is a long-term debt obligation.
- Promissory Note: A promissory note is a financial instrument that contains a written promise by one party (the note's issuer or maker) to pay another party (the note's payee) a definite sum of money, either on demand or at a specified future date.
- Long-Term Debt: Long Term Debt is any amount of outstanding debt a company holds that has a maturity of 12 months or longer. It is classified as a non-current liability on the company's balance sheet.

### Policy Steps:

1. Ensure all note payments are recorded in the General Ledger.
2. The City Administration Officer acquires the most recent balance statement for the note(s) outstanding, and:
  - a. Agrees the outstanding balance and any interest payable to from the balance statement to the General Ledger
  - b. Agrees the current portion of the note payable from the balance statement to the General Ledger.
3. For the outstanding balances, verify these values match the internal payment ledger for the bank accounts where the outstanding loan(s) is/are withdrawn.
4. The Note Payable reconciliation should be presented to the City Administration Officer or City Council for review.
5. Notes payable should be reconciled to the General Ledger at least quarterly.

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>
0.1	Weaver	01/31/2023	First Draft

<b>Document Control</b>	
<b>Cash Disbursements and AP-Loan Reconciliations</b>	
Version number: 0.1	Author(s): Name/Title/Division
Date Approved:	Document Status:
Effective Date:	Approved By:
Superseded Version:	Date of Next Review: