

# General Ledger

**City of Bell**  
**POLICY FOR ACCOUNTING PERIODS**

**PURPOSE**

The purpose of this policy is to clarify the periods of activity for the City's accounting operations.

**POLICY**

To allow for continuity and consistency in operations, the accounting cycle of the fiscal year is divided into separate accounting periods. The first month of the fiscal year, July, is identified as Period 01, August is Period 02, and so on. At the end of the fiscal year Period 12 is used for the regular June activity. Fiscal year-end adjustments are recorded in Period 13 and dated 06/30/XX.

The fiscal year calendar:

<b>MONTH</b>	<b>PERIOD NUMBER</b>
July	01
August	02
September	03
October	04
November	05
December	06
January	07
February	08
March	09
April	10
May	11
June	12
Adjustments	13

City of Bell  
**POLICY FOR PREPARING AND APPROVING JOURNAL ENTRIES**

**PURPOSE**

The purpose of this policy is to define procedures for implementing accounting changes to the general ledger through the journal entry process.

**POLICY**

It is the City of Bell's policy to accurately prepare journal entries (inclusive of adequate supporting documentation) that comply with the City's adopted budget and City Council policies. The creation and approval of general ledger journal entries is the responsibility of the Finance Department.

**PROCEDURES**

The following is a listing of the types of journal entries processed in the general ledger.

1. **System Generated Journal Entries** – Created automatically at regularly scheduled time intervals determined by the Finance Department to post the subsidiary ledger transactions (accounts payable, payroll, business license, cash receipts) or recurring journal entries to the appropriate general ledger account.
2. **Manual Journal Entries** – Entered directly into the general ledger through an electronic interface. These transactions are input by accounting staff and reviewed and approved by the Accounting Manager for the purpose of posting accounting transactions or adjusting previously recorded general ledger transactions.
  - a. **Revenue/Expense Transfers** -- Requests to move revenues or expenses between accounts in order to appropriately allocate the items. These requests, often originating from operating departments, must possess supporting documentation, and are created by accounting staff and are reviewed and approved by the Accounting Manager.
  - b. **Correcting Journal Entries** – Journal entries created by the Finance Department accounting staff, reviewed and approved by the Accounting Manager based on reviews of transactions posted in error to an account or cost center.
  - c. **Adjusting Journal Entries** -- Adjusting journal entries are used to directly record transactions to the City's general ledger that not otherwise posted automatically. For example, if the State directly deposits the City's monthly sales tax remittance into the City's bank account, the general ledger has no way of knowing that transaction this has occurred. In this case there is no check processed through the cash receipts system, and therefore no

posting to the general ledger. The amount directly deposited must be recorded via an adjusting journal entry.

Below are listed a few examples for which adjusting journal entries are used. This is by no means a complete list. However, it should give the user some idea of the general nature of adjusting journal entries:

- Record checks returned from the bank for non-sufficient funds.
  - Record interfund transactions, such as loans between funds, as directed by management or the City Council.
  - Record revenues directly deposited into the City's bank accounts.
  - Record disbursement made directly from the City's bank accounts, such as wire transfers.
  - Allocate interest earnings accumulated during a period to the individual funds within the City.
  - Allocation of postage used by various departments throughout the month.
  - Post transactions necessitated by the monthly bank account reconciliation process.
  - Entries done at year-end for financial reporting purposes.
3. The journal entry form (see attached blank form) should contain adequate explanation and supporting documentation.



City of Bell  
**POLICY FOR BUDGET ADJUSTMENTS**

**PURPOSE**

Budget adjustment entries are used to modify the existing budgetary amounts for both revenue (“Estimated Revenues”) and expenditure (“Appropriations”) accounts. The adjustment may be made to either increase or decrease the budgeted amount within a revenue or expenditure account.

**POLICY**

Is the City’s policy to properly record budget adjustments within the accounting period of their approval.

**PROCEDURES**

1. **City Manager-Approved Adjustments** -- Budget adjustments made at the administrative level are subject to the approval of the City Manager. The City Manager has the authority to approve appropriation transfers between expenditure line-item accounts as long as the total expenditure appropriation, at the fund level, remains unchanged.  
  
Said budget adjustments are usually derived from a department head requesting a budgetary change within their departmental accounts or from the City Manager to re-align current budget amounts to achieve a specified objective. Budget adjustments approved by the City Manager are originated by the completion of a memo to the City Manager and approval by the City Manager for the requested budget adjustment.
2. **City Council-Approved Adjustments** -- Any and all changes at the fund level, be they revenue or expenditure, must be approved by action of the City Council. These budget adjustments are approved by way of specific City Council action effectuated during a meeting of the City Council. In most cases, budget adjustments approved by the City Council are memorialized by way of approval of staff recommendation or adoption of resolution.

City of Bell

**POLICY FOR UNCLAIMED (STALE DATED) PAYROLL AND ACCOUNTS PAYABLE CHECKS**

**PURPOSE**

The purpose of this policy is to establish procedures for payroll and accounts payable checks that have been unclaimed for 90 days or more.

**POLICY**

It is the City of Bell's policy to hold unclaimed (stale dated) payroll and accounts payable checks, rather than escheating the unclaimed funds to the State of California.

**PROCEDURES**

1. Any payroll or accounts payable check that has been unclaimed for ninety days will be identified. Every means available will be made by the Finance Department to locate the payee. After all efforts have been exhausted, the unclaimed check will be added to the Unclaimed Check Listing and the funds will be set aside in a Trust and Agency Fund.
2. After three years from the check date, if the check remains unclaimed, the check may become the property of the City, after notice is given to potential claimants (Gov. Code Section 50050). Any time after three years, the City Treasurer may publish a notice once a week for two successive weeks in a local Bell newspaper of general circulation. Notice must state the amount of money, the fund in which it is held, and that it is proposed that the money will become the property of the City on a designated date between forty-five (45) and sixty (60) days after the first publication of the notice (Gov. Code Section 50051).
3. Before or after the notice, and before the date the unclaimed money becomes the City's property, any interested party may file a claim for the money with the City's Treasurer (Gov. Code Section 50052). The claim must include the claimant's name, address, amount of the claim, and the grounds on which the claim is founded.
4. The Treasurer may either accept or reject the claim. However, even if the procedures listed above are not followed, the Treasurer has the discretion, upon submission of satisfactory proof to the Treasurer, to release unclaimed money to the depositor of the unclaimed money or their heirs, beneficiaries, or duly appointed representatives, if the money is claimed before it becomes the City's property (Gov. Code Section 50052.5).

5. If the Treasurer rejects the claim, the claimant may file a verified complaint in a Los Angeles County Court seeking to recover all or a dedicated part of the money (Gov. Code Section 50052). A copy of that complaint must be served on the City Treasurer within thirty (30) days of receiving notice that the claim was rejected. When a complaint has been filed, the Treasurer must withhold the release of the portion of unclaimed money until a court renders its decision.
6. If the money is located in a special fund, the City Council may transfer the money to the General Fund (Gov. Code Section 50053).
7. Although it is not required by statute, it is advisable for the City to notice a public hearing before the City Council before acquiring the unclaimed checks. This will give the owners of the funds one final opportunity to be heard before the City acquires the funds.

City of Bell

**POLICY FOR WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE**

**PURPOSE**

The purpose of this policy is to ensure that all reasonable diligence is used to assess and collect accounts receivable, improve measurement of the City's accounts receivable and ensure the most efficient use of City revenue collection resources.

**POLICY**

It is the City of Bell's policy to actively pursue collection of all accounts receivable, regularly review the status of past-due accounts, and write-off amounts determined to be uncollectible. A write off of accounts receivable deemed uncollectible from the City's accounting records does not constitute forgiveness of the debt or gift of public funds.

**PROCEDURES**

1. Collection procedures are established by the responsible department and will vary depending on the nature of the receivable. Types of receivables covered by this policy include, but are not limited to: business license taxes; hotel taxes; utility billings; regulatory and development impact fees; fees for services; recovery for damage to City property; fines and penalties; and legal judgments.
2. Accounts receivable should generally be written-off during the fiscal year in which an account is determined to be uncollectible. Subsequent collection of an account receivable previously written-off will be treated as new revenue.
3. An account will be considered uncollectible, after appropriate collection procedures have been followed, if it meets one or more of the following criteria:
  - The debt is disputed and the City has insufficient documentation to pursue collection efforts;
  - The cost of further collection efforts will exceed the estimated recovery amount;
  - The amount is under \$20 and remains unpaid after one year;
  - The account remains unpaid after the lessor of four years or the applicable period for commencement of a recovery action (statute of limitations);
  - The debtor cannot be located, nor any of the debtor's assets;
  - The debtor has no assets and there is no expectation they will have any in the future;
  - The debtor is deceased and there is no known estate or guarantor;
  - The debtor is a company that is no longer in business;
  - The debt is discharged through legal action;

- The debt is forgiven by the City Council.
4. A request for write-off of accounts receivable must include an itemized list of the uncollectible accounts to be written off specifying the following:
    - Debtor name;
    - Account balance;
    - Due date;
    - Brief description of receivable type;
    - Criteria under which the account was deemed uncollectible; and
    - Account number of the receivable in the City's accounting system.
  5. For each uncollectible account documentation must be attached to support the uncollectible account designation.
  6. Approval authority for write-off requests.
    - Director of Finance: Up to \$5,000;
    - City Manager: \$5,000 to \$10,000;
    - City Council: Amounts in excess of \$10,000.