

VILLAGE OF MUKWONAGO ACCOUNTING OPERATIONS POLICY

I. Background. The establishment of an accounting operations policy statement is an important component of the Village's overall financial management policy and planning efforts.

II. Objectives.

A. Accounting

1. The Village will establish and maintain the accounting and financial reporting systems in conformance with all applicable Federal and State laws, rules, and regulations, and the generally accepted accounting principles and practices as promulgated by the Governmental Accounting Standards Board (GASB).
2. An annual audit will be performed by an independent public accounting firm, which will issue an official audit opinion on the annual financial statements, with a management letter detailing areas that need improvement. In addition, full disclosure will be provided in the financial statements and bond representations.
3. Financial systems will be maintained to monitor monthly expenditures and revenues and all revenue collections will be consolidated under the Finance Director. Cash balances in each fund are monitored regularly to ensure availability of funds to meet obligations.
4. The Village depreciates capital assets using the straight-line method. The useful life of capital assets will be based on internal information, information on comparable assets from other governments, and general guidelines from professional or industry organizations.

B. Cash Management

1. Receipts.

- a. All money due to the Village should be collected and entered in the receipting system as soon as possible, (no more than 10 business days).
- b. Money that is received shall be deposited in an approved public depository in a timely manner (no longer than one week).
 - i. Exceptions are deposits held for park or hall rentals. These are typically returned to the renter after the event assuming all rental provisions were met.
- c. Amounts that remain uncollected after a reasonable length of time shall be subject to available legal means of collection by law in adherence with the Wisconsin State Statutes and other applicable laws.

2. Disbursements.

- a. Accounts Payable invoices are scanned into the accounting system by a Finance Department employee as they are received. Department Heads review, code and approve the invoices electronically. The Finance Director is responsible for final review and approval of all invoices prior to the creation of the Accounts Payable report and packet of information that is provided to the Committee of the Whole (COW) and Village Board Meetings for authorization prior to the actual disbursement of funds through a batch process.
- b. Some disbursements are processed prior to authorization at the COW or Village Board meeting. These disbursements are typically payroll and benefit related; or credit card and utility payments that are automatically withdrawn from the checking account on a pre-authorized basis. They can also be prepared for time-sensitive payments that fall outside of the regular Accounts Payable cycle of processing. A report showing all out-of-cycle disbursements in the prior month will be presented to the COW for review the first meeting of the month.
- c. The Finance Director is authorized at his/her discretion to process periodic payments through the use of money transfer techniques as set forth in State Statutes 66.0607 and more specifically in sec. 66.0607(3)(m).

3. Daily Cash Operations

- a. The cash drawer utilized at the front counter will be counted, balanced, and reported daily by the Deputy Clerk (or other employee as designated in his/her absence). During tax time the drawer may be counted more frequently.
- b. A daily cash register report showing the total of all cash receipted is generated and given to a Finance Department employee. This report is verified against the deposit and used to reconcile the monthly bank statements and the general ledger cash accounts within each Village fund.
- c. Under no circumstance can a Village staff member cash a personal check or a third-party check in the Village's cash drawer.

C. Journal Entries

- a. Standard monthly journal entries that are regularly recurring will be prepared and posted by a Finance Department Employee.
- b. Year-end or other periodic journal entries will be prepared by the Finance Director and posted by a Finance Department Employee.
- c. On a semi-annual or more frequent basis, the Finance Director will run a comprehensive journal entry report from the financial system to monitor all posted activities.