

**412.5 SUBJECT: ACCOUNTS RECEIVABLE**

:1 **OBJECTIVE:**

Insure payment for services rendered by the City, and reimbursement of costs incurred by the City in furnishing special services or supplies to non-City entities and/or damage to City property. This procedure does not apply to off-duty employment of police officers whose employer reimburses the City for off-duty employment.

:2 **AUTHORITY:**

This procedure amended by City Council September 15, 2003.

:3 **DIRECTION:**

Management, Budget & Accounting Director, as an appointed official, serves at the pleasure of the Mayor.

:4 **METHOD OF OPERATION:**

A. **Definitions**

The following words and phrases shall have the meaning set opposite them for any and all purposes, as used in this procedure:

*Activity* - Any bureau, department unit, or employee of the City performing or providing services or supplies in an official capacity.

*Non-City Entity* - Any entity, private or public, other than an activity as defined above.

*Special Services or Supplies* - Services or supplies other than those normally provided to all residents without charge. This includes special services/supplies/purchases such as sale of Cemetery Lots, Special Assessment Liens, Lot Cleaning Services, Demolition Services, and Code Enforcement Board Liens.

B. **Policy - Special Services or Supplies**

Special services or supplies furnished by City activities for a non-City entity shall include all direct, fringe benefit and related cost which is incurred by the City in furnishing such special services or supplies. The department furnishing the special service or supplies shall be responsible for all invoicing.

C. **Invoicing for Services/Supplies Furnished To Non-City Entities**

1. **Labor** - Charge shall be at the rate paid an employee working or directly contributing to a given project, plus the employee benefit cost percentage for a total labor charge. Overtime worked shall be charged at time-and-a-half plus the employee benefit cost percentage. The employee benefit cost percentage is determined by Management and Budget

2. Materials - Charge at replacement cost to City plus twenty percent. It shall be incumbent upon the invoicing office to be informed on current cost of materials used in its operations.
3. Equipment - The operating bureau shall use the most recent rate as published by  
Fleet Management Bureau.
4. Administrative Overhead - Five percent of all charges (labor, material and equipment) will be additionally assessed for administrative overhead costs.
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5. Florida State Sales Tax - The current Florida State Sales Tax is charged where applicable. The on-line receivable system will automatically compute sales tax based on taxable Revenue Codes as authorized in the City's Chart of accounts. Organizations subject to tax exemption must submit their Florida Sales Tax Exemption Certificate number to the Management, Budget & Accounting Director's Office.

D. Invoice Procedure

1. Invoices will be generated from on-line input by authorized users into the receivable computer system.
  - a. Infrequent users and/or users where computer access is not feasible will request from the Accounting & Control Bureau a "Request for Invoice" prenumbered form.
  - b. The user will complete the form and return to Accounting & Control to be input into the on-line system.
  - c. The Accounting & Control Bureau will review on an on-going basis the User need to become an Authorized User into the system.
2. The Accounting & Control Bureau will coordinate with the Computer Operations with respect to user authorization access.
3. Invoices will be generated and printed in the Management, Budget & Accounting Director's Office, or approved off-site location(s), at least weekly. Distribution of the 5-part invoice shall be as follows:
  - a. Original - Customer, accompanied by a self-addressed

- envelope.
  - b. White - Customer, to be returned with payment.
  - c. Goldenrod - Accounting & Control - Centralized Billing.
  - d. Green - Issuing Office/Bureau.
  - e. Yellow - Issuing Office/Bureau.
4. The Accounting & Control Bureau will review all invoices for the appropriateness of invoice type and fund/program and account code used.
5. Credit memos will be generated from on-line input by authorized users into the receivable system. The original invoice number (the one being credited) must be entered into the system.
- a. Credit Memos are to be issued as a full or partial credit to correct an invoice previously billed.
  - b. Accounting & Control will review all credit memos for the appropriateness of invoice type and fund/program/account codes.
- E. Collection Agency Procedures  
If applicable, accounts not collected within the specified time frame will be turned over to the collection agency. The issuing office/bureau will be notified of all customers scheduled to be turned over for collection. The collection cost varies with each agency used. Therefore the department/office/bureau must notify Accounting and Control of any account which should not be turned over for collection. The propriety of continuing to provide services to the delinquent customer needs to be evaluated immediately.
- F. Account Write-offs  
Accounting & Control will be responsible for all write-offs of accounts deemed uncollectible. This will be done in coordination with the Office of Legal Affairs and the department/office/bureau concerned.
- G. User Manual  
Accounting & Control will provide all users of the on-line Receivable Package a User Manual. This manual will detail all options involved in the Receivable system.
- :5 FORMS:  
Instruction Sheet; Request for Invoices; Invoices/Credit Memo.
- :6 COMMITTEE RESPONSIBILITIES:  
None.

:7 REFERENCES:

This procedure (formerly Sec. 303.2) adopted by City Council on February 23, 1970, Item 33. Amended July 15, 1974, Item 56; amended September 12, 1977, Item 15; amended March 13, 1978, Item 17; amended June 23, 1980, Item 22; amended October 12, 1987, Item 21, A-53; amended June 21, 1993, Item 2-P; amended October 3, 1994; amended August 11, 1997, Item 6-A.

:8 EFFECTIVE DATE:

This procedure effective September 15, 2003.

**ATTACHMENT TO 412.5  
INSTRUCTION SHEET**

Procedure for invoicing special services or supplies furnished by the City to non-City entities.

In compliance with Procedure 412.5, the following instructions shall be followed in invoicing for special services or supplies furnished by the City to non-City entities.

*LABOR:* The rate of pay for employees, providing or furnishing a service to non-City entities, shall be at the hourly rate of the employee. In addition to the hourly rate for employees, a charge for employee benefit costs shall be added to the hourly rate. The charge for employee benefit costs will be as periodically determined/revised as needed by OMB and will be a percentage of regular salary/wage. Overtime worked shall be charged at time and one-half plus the employee benefit cost.

*MATERIAL:* All material used in furnishing a service shall be charged at the replacement cost to the City plus twenty percent administrative cost. It shall be incumbent upon the invoicing office to keep informed on current cost of material used in its activities.

Example: Material costing \$50 when purchased and stockpiled by the City would cost \$70 if purchased at the time service is provided.

Charge replacement cost	\$70.00
Plus administrative cost-20%	<u>14.00</u>
Total Material Charge	\$84.00

*EQUIPMENT:* Charges for equipment used in furnishing a service shall reflect all items pertinent to acquisition, operation, maintenance and repair of the equipment used. These items shall include amortization of the equipment, insurance, fuel, maintenance, repair and overhead operation charges. These charges are based on the realistic cost to the City in furnishing the equipment. To compensate for such charges, the City of Orlando's vehicle operation rate shall be assessed. Rates will be furnished by Fleet Management.

*ADMINISTRATIVE OVERHEAD:* Administrative overhead charges include supervisory costs not directly assessed, communication, insurance and general office expenses. This cost shall be five percent of the total costs of all assessed charges.

Example:	Labor	\$126.88
	Material	84.00
	Equipment	<u>51.10</u>
	Subtotal	\$261.98
	Plus 5% Overhead Assessment	<u>13.10</u>
	Subtotal	\$275.08
	Plus 6% State Sales Tax(when applicable)	-----
	TOTAL INVOICE	<u>\$275.08</u>

