

**City of Salem, Massachusetts
Finance Department Fiscal Policy**

No. 2008-10

SUBJECT: Prior Fiscal Year Invoice Payments in Current FY

Effective Date: June 24, 2008 – Revised 6-22-09

POLICY

The Finance Department will only process prior FY invoice payments in accordance to MGL, City ordinance and City Policies.

PROCEDURES FOR FINANCE DEPARTMENT

The Finance Department will process prior fiscal year invoice payments in July and August as follows:

GENERAL FUND & ENTERPRISE FUNDS

1. Utility payments from a prior fiscal year can be paid in JULY or AUGUST for invoices dated for JUNE. Any May or prior month's invoices MUST BE ENCUMBERED/ACCRUED (see #2 below). No June utility payments will be paid after August 31st.
2. All general and enterprise fund invoice payments for prior fiscal year (other than utilities) MUST be encumbered/accrued and paid from encumbrance or accrued expense accounts.
3. Any other prior fiscal year invoices will not be processed, and will be returned to the department for submission to the City Council for payment approval in the current FY.


GRANT OR SPECIAL REVENUE ACCOUNTS

1. June invoices can be paid in July/August for grants or special revenue funds ONLY. The 45/60 day invoice payment policy is still in effect for special revenue funds.
2. State & Federal grant invoices are subject to the terms and conditions of the grant agreements and state and federal laws.

3. Special Revenue funds (donation, revolving, offset funds, etc) need to be paid within the 45/60 days of the invoice date as per City Policy (2008-007) and Massachusetts General laws.

AUTHORIZATION TO PAY PRIOR FISCAL YEAR INVOICES

1. On September 11, 2008, the City Council adopted MGL CH44 Sec 64 which allows for payment of bills incurred in excess of appropriations. This MGL allows for a municipality to pay for prior fiscal year invoices using current fiscal year appropriations by two thirds vote of the city council.
2. Therefore, any prior fiscal year invoice not encumbered in General Fund and Enterprise Funds, must be submitted to the City Council for their approval. Please be prepared to appear before the City Council Administration & Finance Subcommittee to explain why the invoice was not paid in the prior fiscal year.
3. Once the City Council approves payment of the invoice, the invoice can be submitted for payment (from your CURRENT fiscal year budget) to the Finance Office. A copy of the Council Order must be included with the invoice and A/P batch.



Finance Director

Date