



## Estimated June Payment Policy

This policy is implemented to both assist non profit contractors with cash flow issues at the end of each fiscal year and help the City to effectively closeout the fiscal year to meet State and Federal funding cycles. This policy has been effective in providing cash flow to contractors during the month of July and reduces the need for advance payments.

The invoicing cycle for each month's cost reimbursement generally produces an invoice from the contractor on or about the 15<sup>th</sup> to 20<sup>th</sup> day of the month for the costs incurred in the prior month. The City and County's process for recertification of funds occurs the first day of July each year and payments are issued approximately the last week in July. It takes about three weeks to set-up the new contracts in the City's accounting system.

The estimated June payment is based upon the amount of the May invoice or the balance of the annual contract amount which ever is less. The Office of Contracts Management issues the estimated June payment without submission of a June invoice from the contractor. This estimated June payment is made at the same time as the May payment.

In a normal billing cycle this will produce a larger payment on or before June 30. Receiving the June payment 30 days earlier will provide cash flow to the contractor for the month of July. We require the actual June invoice no later than July 30<sup>th</sup>. Any adjustments needed to reconcile the estimated June payment to the actual June expenses will be made at the time of submission of the June invoice.

By the time the July invoice is received (15<sup>th</sup>-20<sup>th</sup> day of August), we will have the contract certified and the accounting in place to make a timely payment for the July expenses. This process provides for steady cash flow and reduces or eliminates the need for advance contract payments.

This process allows the City to close our fiscal year in a timely and effective manner and recover reimbursement from our State and Federal funding sources.

As in all general guidelines, there will be exceptions made on a case-by-case basis. This policy does not apply to federally funded grants, grants that are fee for service types and for-profit contract agreements.

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