

CHAPTER 35: FINANCES

Section

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35.01 UTILITY CAPITAL RESERVE ACCOUNT.

(A) *Establishment.* Commencing on the first day of the first month after the effective date of the ordinance creating this section each purchaser of any 1 or combination of utilities from the city shall pay, in addition to all other fees, taxes, and charges otherwise authorized by the city a Utility Capital Reserve Account Fee (RAF). A purchaser is obligated to pay an RAF for each physical location for there which is a separate postal mailing address. Notwithstanding the forgoing, a purchaser is not obligated to pay more than 1 RAF for any premises for which there is a single postal mailing address.

(B) *Monthly fee.* Unless and until such time as the Capital Reserve Account fee may be modified by further ordinance, the fee shall be \$4.50 per month. Reserve Account fees shall be included on the monthly utility bill. Payment shall be due and payable in full upon receipt of the bill. All fees are charges against the respective property owners, lessees an occupants and are due on the due date specified by the city for the respective account, and shall be delinquent 21 days thereafter. Late fees established by the city Council for other utilities shall apply to RAF. It is the duty of the city to endeavor to promptly collect delinquent fees, and in all cases where satisfactory arrangements for payments have not been made, all such delinquent fees shall be forwarded to the City Administrator who shall prepare and send a past due notice to the customer. Such action may be optional or subsequent to taking legal action to collect delinquent accounts.

(C) *Capital Reserve Account.* All Utility Reserve Account fees collected by the city shall be deposited into a separate Utility Reserve Account or alternatively maintained in other accounts in the city in such a manner that the balance in the Reserve Account is readily ascertainable.

(D) *Reserve Account Fund use.* Withdrawals and/or distributions for the Reserve Account shall be approved by the Council by resolution for use by the city to pay for or to defray the city's share of costs associated with the repair (other than in the normal course of maintenance,) replacement, improvement, or extensions of the city's water distribution, sanitary sewer, and storm sewer systems.

(E) *Effective date.* This section shall be effective 2-1-2006 and a 1-time publication being

the 26 day of January 2006, in the official newspaper.
(Ord. 283, passed 1-26-2006)

Cross-reference:

For Public Utility Commission, see ' ' 32.10 et seq.

' 35.02 FINANCIAL AUDIT.

The following policy statements are hereby adopted by the City Council.

(A) An auditing firm having at least 1 certified public accountant on staff will be retained by the city for a period of 4 years to perform auditing and accounting services for the city beginning in the year 1989.

(B) The minimum contents of the annual audit report to be prepared by the auditing firm will be as follows:

- (1) Combined balance sheet - all funds.
- (2) Combined statement of revenues, expenditures, and changes in fund balance - all funds.
- (3) Combined statement of revenues, expenditures, and changes in retained earnings - all proprietary funds.
- (4) Combined statement of cash flows - all proprietary funds.
- (5) Combined schedule of indebtedness.
- (6) In addition, the following supplementary information will be included:
 - (a) Management letter.
 - (b) Combining, individual fund, and account group financial statements.
 - (c) Auditors comments on compliance.
 - (d) Schedule of EDA revenues and expenditures.
 - (e) Taxable valuations, tax levies, and rates for the past 5 years.
 - (f) Combined schedule of indebtedness.
 - (g) Schedule of debt service requirements.
 - (h) Schedule of sources and uses of funds of the TIF districts.

(C) In addition to performing the auditing task and preparing financial statements, the auditing firm will be required to present their audit report to the City Council prior to June 1 of the year following the year of the audit. The firm will also be required to provide accounting consulting services to City Staff at a set rate established in the 4-year contract.

(D) Upon the termination of the City Administrator, whether through retirement, voluntary termination or forced termination, the city may use the services of the State Auditor's Office or another CPA firm other than the one under contract to perform the auditing and preparation of the financial statements for the year during which the City Administrator left office. If this interrupts the performance of a 4-year contract the city may have with a private certified public accounting firm, their contract will be extended for 1 additional year.

(Res. 88-26, passed 8-2-1988)

35.03 BAD DEBT WRITE-OFF.

(A) *General.* The City Council has found it necessary to establish a bad debt write-off policy for utility customers which have either discontinued a residence and/or a business in the city.

(B) *Determination of bad debts.* Prior to establishing an account as a bad debt the following must take place.

(1) The customer must have left the city or filed bankruptcy proceedings.

(2) The City Administrator must have attempted to notify the customer that has left the city that a utility account in their names is left unpaid and they have 30 days to make it current.

(3) After the 30-day limit expires the names and amounts of the remaining accounts will be given to the City Council for permission for write off and submission to a collection agency for further collection procedures.

(4) The Council must make a motion and duly pass it before any account may be written off or turned over to a collection agency.

(5) After the City Council approved the determination of the bad debt accounts the City Administrator will make the necessary accounting entries as described below to write-off the bad debts, he or she will also submit the accounts to the city's collection agency for further collection.

(C) *Selection of a collection agency.* The City Administrator will submit proposals for collection agencies to the Council for their review. The proposal will be for a 5-year period allowing the city to stay with the agency for 5 years unless the agency deviates from the collection cost and processes they submitted on their proposal. The city reserves the right to renew an agreement with a collection agency after a 5-year period without taking new proposals.

(D) *Write-off procedures.* The following accounting entries will be taken to write-off the bad debts once they are approved by the City Council:

(1) The accounts are first entered as a credit to accounts receivable in each of the utility funds and debit to cash, in order to remove them from the receivable account.

(2) The accounts are next entered as bad debt expenses to individual utility funds by crediting cash and debiting bad debt expense in each fund.

(3) If the city receives payments on the bad debts after the above entries are made, the accounting entry to be made would be in the general fund only and would be a debit to general fund cash and credit to recovery of bad debts.

(Res. 88-7 passed 1-19-1988)

' 35.04 FINANCE CHARGE ON MISCELLANEOUS BILLING STATEMENTS.

Terms: Net 30 days. Accounts not paid in 30 days are subject to a finance charge of 1.5% per month (annual rate of 18%), \$.50 minimum charge.

Editor's note:

This policy was adopted by the City Council at its regular meeting on April 16, 1990 and was effective May 1-1990