

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
OCTOBER 19, 2021 AGENDA**

Subject:	Type:	Submitted By:
AMEND COUNCIL POLICY STATEMENT – CITY FINANCIAL POLICIES	◆ RESOLUTION ORDINANCE RECEIVE/FILE	CINDY MISEREZ FINANCE DIRECTOR

SYNOPSIS

A resolution has been prepared to approve an amendment to Council Policy Statement 138 – City Financial Policies to add a Collection Policy.

FISCAL IMPACT

N/A

RECOMMENDATION

Approval.

BACKGROUND

Council Policy Statement 138 - City Financial Policies was approved by the City Council on June 15, 2021, providing a broad directive for budgeting, reserves, reporting, accounting, investment and debt management.

The purpose of the Collection Policy is to provide general guidelines with respect to small amounts owed to the City and writing-off such amounts that are considered uncollectable.

The Collection Policy is a new policy and does not replace existing Council Policy Statements, Standard Operating Policies or sections of the La Vista Municipal Code.

Additional amendments will be presented to the City Council until Council Policy Statement 138 is complete.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA, APPROVING AN AMENDMENT TO A COUNCIL POLICY STATEMENT.

WHEREAS, the City Council has determined that it is necessary and desirable to create Council Policy Statements as a means of establishing guidelines and direction to the members of the City Council and to the city administration in regard to various issues which regularly occur; and

WHEREAS, a Council Policy Statement entitled "Collection Policy" was established and an amendment is recommended.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska, do hereby approve the amendment Council Policy Statement entitled "Collection Policy" and do further hereby direct the distribution of said amended Council Policy Statement to the appropriate City Departments.

PASSED AND APPROVED THIS 19TH DAY OF OCTOBER 2021.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

City of La Vista

Council Policy Statement

City Financial Policies

Collection Policy

Purpose

The purpose of this policy is to provide general guidelines to staff with respect to small amounts owed to the City and writing-off such amounts that are considered uncollectable. This policy is not intended to be an exclusive statement, or to waive or limit any rights or remedies of the City, with respect to any amount at any time owed to the City. In addition, this policy (i) shall not be construed to prevent the City from at any time or in any circumstance requiring advance or immediate payment, or from agreeing to extended, partial, periodic, or other payment terms, and (ii) shall not apply to any amount for which advance deposit or prepayment is required or permitted by applicable laws, rules, regulations, policies, or agreement. Except as otherwise specified, the City Administrator shall be authorized to take any action on behalf of the City as necessary or appropriate to carry out this policy. The policy shall not apply to any delinquent and unpaid real property taxes or assessments.

Definitions *(these will be added to the Definition section of the City Financial Policies)*

Cash-only basis: Contemporaneous or advance cash payment for goods, services or other transactions, as determined by the Finance Director.

City Administrator: The City Administrator of the City of La Vista or any designee of the City Administrator.

Collection: Any action taken to collect or attempt to collect a small amount pursuant to this policy.

Debt: Any amount described in this policy that a person owes the City.

Debtor: Any person owing a debt described in this policy.

Dunning Letter: A notification sent to any person stating that payment for goods, services or other amounts owed to City is overdue, including more strident demands for payment or other actions to collect should the person continue to be non-responsive in paying. Provided, however, such notification shall incorporate any required provisions of any applicable laws or regulations, including without limitation required Notice of Neb. Rev. Stat. § 45-623 if an amount subsequently is assigned to a collection agency.

Due Date: Payment is due 30 days from the invoice date, unless otherwise specified by applicable laws, rules, regulations, policies, or agreement in connection with a particular amount.

Finance Director: The Finance Director of the City of La Vista or any designee of the Finance Director. Any authority of the Finance Director under this policy also may be exercised by the City Administrator.

Good standing: Status of any person achieved by full payment of any amounts for goods, services or otherwise owed to the City.

Notice: Pursuant to Neb. Rev. Stat. § 45-623 in connection with any amount assigned to a collection agency, an attempt of the City to advise the debtor at least 30 days in advance by first-class mail,

City of La Vista

Council Policy Statement

City Financial Policies

Collection Policy (Cont.)

postage prepaid, at the last-known address of the debtor (i) of the existence of the debt and (ii) that the debt may be assigned to a collection agency for collection if the debt is not paid.

Overdue: Any small amount owed to the city which has not been paid within 30 days of the invoice date, unless a different due date is specified by applicable laws, rules, regulations, policies or agreement in connection with a particular amount.

Person: Any individual, organization, association, or entity.

Small amount: \$100 or less.

Uncollectable amount: Any small amount owed to the City which has not been paid within 120 days of the invoice due date and has been determined to be uncollectible pursuant to this policy.

Write-off: Removal of any uncollectible amount from the City's financial records.

Scope

The City of La Vista (City) may provide goods or services to, or otherwise transact with, any person on a cash-only basis. In certain situations, the City may provide goods, services, or other consideration to any person in advance of payment and present an invoice for payment. If an invoice is issued, the invoice due date should be included on the invoice. A summary of or reference to this policy also may be included.

Unless otherwise specified by applicable laws, rules, regulations, policies, or agreement in connection with a particular amount, the invoice due date is 30 days after the invoice date, overdue beyond 30 days of the invoice due date, and uncollectible 120 days after the invoice due date.

If a person has an overdue invoice, services or access to City facilities could cease until delinquent amounts are paid or other arrangements are made for payment satisfactory to the Finance Director. All business interactions or other transactions with the person shall be conducted on a cash-only basis until the balance due is paid in full and good standing is restored, unless otherwise approved by the Finance Director. Once revoked, good standing may be restored by fully paying all overdue amounts, except as otherwise determined by Finance Director based on a person's history of prior delinquencies. The City may, at its discretion, require any conditions of restoration to good standing, including without limitation, a deposit. The City department handling an account in this situation should consult with the Finance Director.

The intent of the City – where reasonably practicable – is to employ progressive steps to attempt to collect small amounts owed to the City. These progressive steps, which may be determined on a case-by-case basis by the Finance Director or Finance Director's designee, may include any one or more of the following:

- Issuing up to three invoices, statements, or other communications within 120-days of the invoice due date;
- Calling the person and requesting payment;
- Mailing a dunning letter to the last known address of the person. With respect to any debt that might be assigned to a collection agency, the dunning letter shall constitute notice

City of La Vista

Council Policy Statement

City Financial Policies

Collection Policy (Cont.)

("Notice") pursuant to Neb. Rev. Stat. § 45-623(2), and shall be mailed first-class mail, postage prepaid, to the last-known address of the debtor, advising the debtor (i) of the existence of the debt and (ii) that the debt may be assigned to a collection agency for collection if the debt is not paid.

- After at least 30 days have elapsed from the time the Notice in subsection "c" is sent, the debt may be assigned to a collection agency for further collection attempts in accordance with applicable provisions of Neb. Rev. Stat. § 45-623 and on such terms and conditions as agreed by the City and such collection agency;
- Publication on the City website and/or in a local newspaper of the names of any person who meets the three following criteria:
 - Have a small amount(s) owed to the City which are overdue;
 - To whom a collection or dunning letter has been written; and
 - Who have not paid or responded to the City.
- Placing the person and any owned or controlled entities on a cash-only basis;
- Filing of a civil suit in the appropriate legal jurisdiction for both a judgment of indebtedness and a writ of execution;
- Taking any further action as the City Administrator determines necessary or appropriate under applicable laws to collect, including without limitation execution of writs of judgment, till taps, bank account sweeps, seizure of other collateral; and
- Filing of foreclosure lawsuits against real property of the debtor.

The City may, at its discretion as directed by the Finance Director or City Administrator, add collection costs to any overdue balance. As a matter of policy, collection costs will be added to all accounts turned over to a collection agency for further collection attempts.

The Finance Director shall have the authority to approve payment plans for overdue amounts owed the City. This authority shall include the ability to establish repayment terms. The following criteria shall be applicable to all payment plans:

- A person may not have more than one active repayment plan at any time. Consolidation of multiple payments owed into a single repayment plan may occur at the discretion of the Finance Director.
- Unless unusual circumstances are present, no payment plan shall have a repayment term exceeding 12 months.
- Any default on a payment plan shall result in revocation of good standing, and subsequent transactions with the debtor shall be on a cash-only basis.

Uncollectible Amounts

Unpaid amounts for which more than 120 days has elapsed since the due date of the invoice, and which are under a cumulative amount of up to \$100 per person, may be written off immediately upon approval of the Finance Director.

City of La Vista

Council Policy Statement

City Financial Policies

Collection Policy (Cont.)

Unpaid amounts for which more than 120 days has elapsed since the due date of the invoice, and which in total are greater than \$100 and less than or equal to a cumulative amount of \$1,000 per person, may be written off immediately upon approval of the City Administrator.

Unpaid amounts for which more than 120 days has elapsed since the due date of the invoice, and which are **over** a cumulative amount of \$1,000 per person, may be written off immediately upon approval of the City Council.

Accounting for Bad Debt

The City shall use the direct write-off method for uncollectible accounts, removing the account receivable and creating a bad debt adjustment.

Collection actions shall not cease, however, until the debt is collected, the account is returned from the collection agency as uncollectible, a statute of limitations is reached, or the debt is written off.

Any debt which is subsequently recovered after a write-off, shall as a matter of accounting policy be recorded as a miscellaneous revenue.