

RESOLUTION NO. 2020-33

A RESOLUTION OF THE CITY OF VENICE, FLORIDA, ADOPTING AN ACCOUNTS RECEIVABLE, COLLECTION AND WRITE-OFF POLICY; SUPERSEDING RESOLUTION NO. 2007-34; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, prudent business practices dictate the use of uniform guidelines and principles for the internal control, collection and write-off of accounts receivable; and

WHEREAS, in 2007, the City adopted a Receivable, Collection and Write-Off Policy through Resolution 2007-34; and

WHEREAS, the Finance Department desires to revise the procedure for requesting authorization from City Council to write-off uncollectible accounts in compliance with legal requirements and limitations.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA, as follows:

SECTION 1. Purpose. To provide uniform guidelines and principles for the internal control, collection and write-off of accounts receivable administered by the Finance Department. Policies contained herein are designed to comply with applicable state laws, rules and regulations.

SECTION 2. Definitions.

Accounts Receivable. A record reflecting amounts due from applicants, vendors, contractors, employees, customers, citizens, businesses, or other responsible parties for goods and services furnished by the city. These amounts include fines, penalties, damages and reimbursement of cost for enforcement actions brought on behalf of the City or as a result of an accident involving City owned property.

Customer Service/Cashier's Office (CSO). The office within the Finance Department designated by the City responsible for the receivable systems and the receipting of monies due.

Debt. An obligation to pay.

Finance and Accounting Policies. Procedures established to ensure proper controls, consistency and accountability of funds collected for the City.

Fiscal Year. The 12 month period from October 1 through September 30.

Internal controls. Policies and procedures established to provide reasonable assurance that specific objectives are achieved.

Write-Off. An accounting adjustment reflecting the portion of an accounts receivable determined not collectible.

SECTION 3. Policy.

This procedure provides a general description of the structure of the Finance Department's accounts receivable function. The Finance Department is responsible for supervising accounts receivable. When an account receivable is known to be delinquent, the Finance Director or designee will make a diligent effort to collect the account in compliance with these procedures. If such efforts fail to achieve collection, the Finance Department may seek further legal action.

SECTION 4. General Description of the City's Accounts Receivable.

The Finance Department has an accounts receivable system with several modules for billing services.

SECTION 5. Requirements for Detailed Records and Accounts Receivable.

The Finance Department must maintain a record detailing the amount due from customers, pilots, contractors, renters, employees or other responsible parties. Because of the number of accounts involved, it is important that procedures be implemented that maintain accounts efficiently and accurately. Although the form for the detail accounts will vary by types of obligation, at a minimum, the following data is necessary:

- a. Responsible Party's Name
- b. Billing Address
- c. Driver's License Number or Federal Employer Identification Number (if available)
- d. Type of Receivable
- e. Date of Transaction
- f. Explanation of Transaction
- g. Amount Due
 - (1) Amount Assessed
 - (2) Adjustment Amounts
 - (3) Paid Amounts
 - (4) Write-Off Amounts
 - (5) Balance Due

All billing adjustments (late fees, penalties, turn-on/off fees, billing errors, etc.) will be authorized by the Finance Director and/or designee.

SECTION 6. Responsibility for Receivable Records and Internal Controls.

The Finance Department is responsible for establishing, maintaining, and monitoring an internal control system over the accounts receivable function. This will include adequate segregation of duties, cash handling procedures, restrictive endorsements, accounts receivable aging report analysis, application of penalties, proper documentation for receivable adjustments, etc.

SECTION 7. Legal Considerations.

- a. Delinquent Accounts: An account receivable becomes delinquent when payment is not received by the due date.
- b. Statute of Limitations: Because of changes in applicable statutes and the complexity of applying the statutes to specific cases, the Finance Department will not attempt to settle or write-off any account receivable without specific authorization from City Council or as may be specifically authorized by a law or rule relating to the debt giving rise to the receivable.
- c. Write-Off Authority: Except as otherwise provided by the City charter, the authority to adjust and settle accounts or debts owed to the City rests with City Council. Corrections that reduce a fee by reason of error in the assessment or recording must not be regarded as a compromise, write-off or default. However, any such adjustments to the accounts must be supported by documents explaining the reason for the adjustment signed by the Finance Director and/or designee.

SECTION 8. Collection Efforts.

Responsibility for collecting accounts receivable rests with the Finance Department.

Before declaring an account uncollectible, diligent effort must be made to collect the amount outstanding. The collection effort may be shared by the Finance Department and the City Attorney, but must include at least the following:

- a. Past due accounts may have services suspended until such time as an extended payment agreement is negotiated or prompt payment is made of the entire balance due, including penalties.
- b. The Finance Department may negotiate an extended payment agreement for the past due amount with the responsible party for a period not to exceed 12 months. If this is done, it is the Finance Department's responsibility to keep track of payments and a running balance of the amount due.
- c. If payment is not received, or an extended payment agreement is not reached, further legal action may be taken. These actions may include, but are not limited to, utilizing a collection agency, liens on property, and lawsuits.

SECTION 9. Request for Write-Off Authority.

If an account is determined to be uncollectible, annually a list of the receivables will be prepared and except as otherwise provided by statute, City Council will be asked to authorize the write-off of the accounts receivable in a public meeting.

SECTION 10. Recording the Write-Off or Collection.

Upon City Council's authorization, the write-off will be recorded in the accounting system by the Finance Department.

SECTION 11. This Resolution shall supersede and replace in its entirety Resolution No. 2007-34.

SECTION 12. This Resolution shall take effect upon adoption, as provided by law.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA, AT A MEETING HELD ON THE 8TH DAY OF SEPTEMBER 2020.

Ron Feinsod, Mayor

ATTEST:

Lori Stelzer, MMC, City Clerk

I, Lori Stelzer, MMC, City Clerk of the City of Venice, Florida, a municipal corporation in Sarasota County, Florida, do hereby certify that the foregoing is a full and complete, true and correct copy of a Resolution duly adopted by the City Council of the City of Venice, Florida, at a meeting thereof duly convened and held on the 8th day of September 2020, a quorum being present.

WITNESS my hand and official seal of said City this 8th day of September 2020.

Lori Stelzer, MMC, City Clerk

(S E A L)

Approved as to form:

Kelly Fernandez, City Attorney