

City of Calistoga

Staff Report

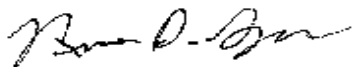
TO: Honorable Mayor and City Council

FROM: Gloria Leon, Administrative Services Director
Richard Spitler, City Manager

DATE: June 16, 2015

SUBJECT: Consideration of a Resolution Approving an Accounts Receivable Policy

APPROVAL FOR FORWARDING:



Richard D. Spitler, City Manager

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- 1 **ISSUE:** Consideration of a Resolution Approving an Accounts Receivable Policy.
2
- 3 **RECOMMENDATION:** Staff recommends that the City Council adopt the Resolution
4 approving accounts receivable policy.
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- 6 **DISCUSSION:** The City of Calistoga currently collects payment for fees, charges and
7 other collectibles associated with City operations. Not all outstanding receivables are
8 secured as a normal course of business. Some become uncollectible through a matter of
9 law, such as bankruptcy, or practical application, as in the cases of untraceable debtors
10 owing monies to the City. As a result, staff has identified the need to promote fiscal
11 responsibility through the adoption and execution of a policy addressing accounts
12 receivable and the write-off of uncollectible debt.
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- 14 To date, lacking a formal policy, the City has relied on practical solutions and best
15 practices to address collection of outstanding debt as well as the write-off of uncollectible
16 debt. To provide consistency in collections and write-off administration and to avoid
17 unnecessary City Council requests for routine collection and write-off actions, it is prudent
18 to set up general criteria that would allow for streamlined write-off of uncollectible
19 accounts.
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June 16, 2015 City Council Staff Report
Accounts Receivable Policy

21 The administration of the accounts receivable function for the City is performed by the
22 Finance Department. From time to time, invoices may become delinquent. Only after all
23 reasonable collection efforts have been made, should the invoices be considered for
24 write-off as uncollectible. In determining reasonable effort, the collection costs should not
25 exceed the value of the debt.

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27 The proposed policy identifies the need for consistency in administering accounts
28 receivable for amounts owed to the City. Consistency in account administration is critical
29 to establishing and maintaining public trust and accountability for staff working to collect
30 outstanding amounts.

31
32 The attached Accounts Receivable Policy is intended to identify the steps to be taken to
33 prevent outstanding debt, collect payment on accounts and establish conditions under
34 which an account may be written off. The policy also describes due diligence
35 documentation and defines authorization levels for write-offs. Please note the
36 recommended policy includes multiple administrative levels of authority and reporting to
37 ensure adequate review of all delinquencies identified as potentially uncollectible.

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39 **FISCAL IMPACT:** There is no immediate financial impact to the City resulting from the
40 adoption of this policy. However, a formal policy will help create an environment
41 conducive to higher rates of revenue collection in future years.

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43 **ATTACHMENTS:**

- 44 1. Resolution
45 2. Accounts Receivable Policy

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RESOLUTION NO. 2015- XXX

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,
COUNTY OF NAPA, STATE OF CALIFORNIA, APPROVING AN
ACCOUNTS RECEIVABLE POLICY**

WHEREAS, it is the City’s policy to prevent the creation of accounts receivables by requiring payment at or before services are rendered; and

WHEREAS, in some cases, however, an accounts receivable account may be established and may become delinquent; and

WHEREAS, it is the City’s policy to actively pursue collection of past due amounts receivable, regularly review the status of past-due accounts and write-off accounts determined to be uncollectible; and

WHEREAS, this policy is to ensure all reasonable diligence has been used to collect accounts receivable, improve measurement of the City’s accounts receivable and ensure the most efficient use of City revenue collection resources;

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Calistoga hereby adopts the provisions under the City of Calistoga’s Accounts Receivable Policy shown as Attachment A.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this **16th day of June, 2015** following vote:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

CHRIS CANNING, Mayor

ATTEST:

KATHY FLAMSON, City Clerk