

CITY OF MARSHALLTOWN

CASH MANAGEMENT POLICY AND PROCEDURAL MANUAL

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1 - OBJECTIVES OF THIS POLICY

The Finance Department is responsible for the compliance and implementation of the following items:

Legal Requirements:

- Comply with federal, state and local laws, to include, but not limited to 1099's and W-2's.
- Uses Generally Accepted Accounting Principles (GAAP) while preparing the Comprehensive Annual Financial Report (CAFR)
- Adheres to state statutes concerning appropriations and expenditures, and fund classifications i.e., Road Use Tax, Grants, Employee Benefits, Business type fund.
- Insures legal publication compliance for annual Financial Reports, Budget, Amendments, Bond Sales, Audits or any other publications as may be required from time-to-time.

Money Management:

- Facilitates preparation of annual operating and multi-year capital budgets
- Determines cash flow based on revenues, current and future budgeted needs, spending trends, and debt retirement
- Maximizes interest earnings through approved, competitively bid investments
- Pays all expenses of the City as approved by the Council
- Manages cash allocations to the Capital Plans and Cash Reserve funds as approved by Council
- Reconciliation of checks written, ACHs, wires and deposits made
- Monitors all cash transactions for internal safety and accounting integrity
- Negotiates banking services contract after a competitive bid.
- Monitors all financially related transactions

Budget Administration:

- Prepares budget tool for department head preparation to facilitate ease and flexibility without sacrifice to data integrity
- Facilitates preparation of revenues
- Prepares revenue and expenditure budgets for: Finance, Data Processing, Mayor, City Council, General Government, Other Social Services, Other Community & Economic Development, , Debt Service Funds, General and Tort Liability Insurance, the Employee Benefit Fund, , Police & Fire Retirement Fund , Emergency Fund, Local Option Sales Tax Fund, Tax Increment Financing (TIF) Fund and related Capital Projects funds,

- Prepares wage and benefit funding levels for all departments
- Prepares documents for Council review and approval of budget
- Monitors all departmental budgets for compliance during the fiscal year, making recommendations to Council concerning shortfalls in revenues or over-spending
- Prepares and presents public information and education for general population, civic groups and the City website.

Accounts Receivable:

- Oversees accounts receivable, facilitating and monitoring billing, collection and receipting monies from: tax collections, rentals, licenses & permits, user fees, rents, fines, intergovernmental grants, interest income, donations, special assessments, sales taxes and parking tickets

Accounts Payable:

- Approve purchase requisitions \$10,000 or more from other departments
- Review and approve payment requests for all departments
- Processes all payments for the City
- Prepares Form 1099's as required by federal law
- Prepares Iowa Sales Tax Return
- Maintains good public relations with vendors
- Prepares list of bills for Council and publications
- Insures compliance with City Purchasing Policy and procedures

Payroll:

- Maintains employee payroll records to insure proper pay, deduction processing, union contract and personnel manual compliance
- Pays employees bi-weekly based upon time sheets approved and submitted from each department
- Processes federal and state taxes, voluntary deductions (i.e., life insurance, deferred comp), garnishments, and supplemental compensation (i.e., car allowance, clothing allowances and taxable meals).
- Prepares all federal and state reports (i.e., IRS Form 941, W-2's, Iowa Withholding, Iowa Unemployment, MFPSI, IPERS, Census Bureau, etc.)

Insurance:

- Maintains insurance coverage for general, liability and bonds city wide
- Maintains location, cost and coverage records for facilities, road equipment, park equipment, vehicles, etc.

Data Processing:

- Provides and maintains functional hardware and software programs to process all payables, cash receipts, accounts receivables, payroll, general ledger, fixed assets, purchasing, project accounting, budgetary reporting, special reporting, data base, spreadsheet, word processing and associated operating system software.
- Facilitates access on network and accounting software for all departments
- Trains users on current software for accounting and network applications
- Gives daily attention to validating input/output, back-up procedures, operations analysis and troubleshooting
- Seeks out and selects additional software/applications to efficiently achieve the goals of the department

General Accounting:

- Generates reports for Mayor, Council, City Administrator, City departments, and citizens
- Prepares all audit schedules in anticipation of required annual examinations
- Maintains buildings, vehicles and equipment and furniture as fixed assets
- Manages disposal of asset records
- Prepares depreciation schedules for all capitalized assets
- Compiles necessary financial reports for various grants and 28E Agreements
- Generates reports for all financial aspects to other agencies, i.e.: investments, group health insurance, actuarial, insurance companies, etc.
- Adheres to the retention policy of financial documents through electronic means and/or the safe keeping of physical documents

2 - INTRODUCTION

2.1 Overview

OVERVIEW

Internal control represents an organization's plans, methods, and procedures used to meet its missions, goals, and objectives and serves as the first line of defense in safeguarding assets and preventing and detecting errors, fraud, waste, abuse and mismanagement. Internal control provides reasonable (not absolute) assurance that an organization's objectives are achieved through 1) effective and efficient operations, 2) reliable financial reporting, and 3) compliance with laws and regulations.

This internal control/cash management policy is in compliance with the Investment Policy of the City of Marshalltown. It is, however, to compliment the Investment, Purchasing, Debt Management and any other policies relating to the fiscal management of the City, and it does not supersede them. It is very important that these policies are not substituted for the commitment, on the part of all staff handling any City assets, to prudent management, sound judgment, knowledge and experience. All officials dealing with cash shall be insured and/or bonded. Annually, the external auditors review the policy and test transactions to determine if the internal controls are being followed.

The establishment and maintenance of a good internal control system helps to ensure the integrity of the financial reports and assist the officials responsible in maintaining custody over assets (both cash and capital assets). In addition, a good internal control system may increase the external independent auditor's reliance on the system; which can result in a decrease in the amount of substantial testing. Managing cash is neither as simple, nor as narrow as it may seem. The scope of cash management ranges from specific cash management tools for cash collections and cash disbursements to the identification and planning of needed funds, and the investment of idle funds all within the scope of bond covenants, federal regulations, state statutes, local policies and prudent judgment.

In most governmental organizations, it is the financial officer's responsibility for the financial activities of the governmental unit, including cash management and the maintenance of an adequate system of internal control. The financial officer must:

- Identify potential financial errors or irregularities which might occur.
- Systematically document and evaluate the existing systems of internal control throughout the governmental unit and identify significant instances of under or over-controlled, cumbersome practices.
- Identify and articulate the factors to consider in assessing the practicality of suggested system improvements, and initiate revisions in law or policy to improve the control system.

- Identify potential revenue sources and efficiencies to reduce or optimize expenditures.
- Monitor revenue collections and disbursements (see Purchasing Policy for disbursement guidelines).
- Manage bank accounts and cash management products and services. This includes bank selection, working relations and negotiating service fees.
- Insure liquidity forecasting and management.
- Account for and control bank accounts, investments, budgets and financial forecasts (long-range planning).
- Manage debt. This includes monitoring for prudent debt ratios, decisions to borrow from banks or to issue debt instruments, negotiation of debt terms and repayment sources.

To insure that all of these objectives are met is ultimately the responsibility of the City Council. Through monthly financial and budget reports, not less than quarterly meetings of the Investment Advisory Committee and the annual audit, the Council can insure compliance and continued financial stability for the City.

WHAT ARE THE SOURCES AND USES FOR CITY FUNDS?

Normally, the current year's budget receives the limelight. However, not all cash belonging to the City is intended for immediate use. Some expenditures project into the future. Usually these are capital by nature, either in infrastructure projects or equipment. The City has undertaken policies initiating funding the aforementioned items and created reserves.

Cash is segregated into separate funds in compliance with state statute and various accounting standards such as operating funds and project funds. In addition to different purposes, certain funds have different restrictions, especially those that are funded by taxes, such as road use tax, local option sales tax, property tax levies, etc.

Even though the purposes and restrictions may apply to City funds, important distinctions should be made about the timing needed for funds to be available. Operating funds require the cash to be available within any current fiscal year. Reserve funds, on the other hand, may not be needed for many years to come. The income generated by these long term cash funds is much more important than in the operating funds.

2 - INTRODUCTION

2.2 Types of Municipal Funds

TYPES OF MUNICIPAL FUNDS

General Fund - This fund is used for the regular operating expenditures of the City, i.e., Police, Fire, Housing, Library, Administration, Park & Recreation and Public Works wages and benefits.

The timing of the income and expenses is the most difficult management of this fund. The most dependent income for this fund is from property taxes, which traditionally come in large quantities in October and April with minimal revenues in the other months. The City is continually studying ways to be less dependent upon property taxes, examining user fees and revenues from other state and federal sources. This practice should be continued. Political pressures from the state and federal levels have influences on the demand for these funds (unfunded mandates) and control on how they are collected and distributed (tax credits which are not reimbursed) to the City. Cash management focuses on bridging gaps between inflows and outflows. By monitoring budget income and expense, forecasting the timing of future cash inflows and outflows, accelerating collections, managing disbursements and maintaining the safety of principal, the City can reduce and control the gap between inflows and outflows. Controls must be consistently administered to insure that money is not tied up in an investment when needed for payroll or invoice payments. The General Fund should not become dependent upon investment interest. Income from idle monetary assets should be a secondary goal; preservation of principal and liquidity should be primary.

Cash Flow Reserve Funds - The City has created a fund which would be used specifically to accumulate funds sufficient to bridge the gaps between inflows and outflows of cash for all City funds. Ordinance #14547 has been adopted which identifies funds for deposit into this Cash Reserve Fund, the accumulation of interest earnings, uses and projections upon reaching the goal of 20% of the expenditures of the General Fund Operating Budget. Investments for this fund need to preserve principal with a great deal of monitoring for liquidity as needs arise. For purposes of the Comprehensive Annual Financial Report (CAFR), this fund shall be classified as part of the general fund, but is designed to assist in the cash flow of the general checking account.

Capital Improvement Funds - These funds, which include the Capital Reserve Fund and the Capital Reserve-Building Maintenance Fund, were created to reflect capital expenses for equipment and facility maintenance items for activities of the General Fund. Another type of capital improvement fund, titled CIP Large Vehicle/Equipment Fund, is for the planned replacement and purchase of municipal vehicles or equipment for more expensive items such as a firetruck. Funds may accumulate for 2 to 10 years before they are needed. For this fund type, liquidity is predictable based upon the Capital Improvement Plan prepared as part of the budgeting process.

The funding source is a transfer from the Capital Improvement Levy (received under the CIP Collection Fund) which began July 1, 2000 after a referendum in November, 1999, allowed the City to levy \$.675 per \$1.000 of taxable valuation. A subsequent resolution designated 15% of these funds to be accumulated for large capital acquisitions. Other funds identified by the Council for this purpose can also be used. For the purposes of the Comprehensive Annual Financial Report (CAFR), this fund shall be classified as part of the General Fund.

Coliseum Fund - This fund was created to easily monitor the activities and costs associated with the Coliseum. The funding sources have been a portion of winter athletic fees earmarked for the Coliseum upkeep and a transfer from the General fund to cover expenses not covered by rentals. For purposes of the Comprehensive Annual Financial Report (CAFR), this fund shall be classified as part of the general fund.

Special Revenue Funds - The revenue source for this type of fund is principally from other governments and/or has very tight restrictions upon it. Examples of special revenue funds are: federal programs such as Rental Assistance, state programs such as Road Use Tax, grants, or donations for a specific purpose. Certain tax levies, by state statute, are required to be deposited into a special revenue fund. To reimburse the budgeted activity area for these expenses, cash is transferred to the general fund. Generally, special revenue funds are considered operating and are appropriated by Council action on a project or need basis with no accumulation or long-range purpose. Current practice transfers these funds providing the appropriate operating fund the necessary cash flow to sustain operating expenditures and accumulate appropriate interest on idle funds. It is recommended that this practice be continued upon adoption of this policy. Investments of these funds shall adhere to the same restrictions/purpose as the principal. At times, grants in these funds require purchases be made before reimbursement funds are available. City staff must insure timely filing of financial reimbursement requests to secure needed funds.

Capital Project Funds - Capital expenditures in this area are for planned construction projects. Upon Council acceptance of the project, a fund (or project number) can be created for monitoring and compliance purposes. Revenue sources for these expenditures may be special assessments, bond issues, federal and/or state grants or funds set aside from other operating budgets. Funds must be available as needed to avoid costly borrowing for interim financing. Thus, the cash flow forecasts, liquidity and safety of principal must be primary considerations. Generally, grants used for capital projects require purchases be made before funds are available for reimbursement. City staff must insure timely filing of financial reimbursement requests to secure needed funds.

Debt Service Funds - These funds are used for the retirement of outstanding notes or bonds and their associated interest and debt expenses (i.e., registrar fees).

Traditionally the revenue source for this fund is property taxes or designated user fees. There may be requirements under the terms of outstanding bond indenture agreements. The time when the funds will be needed is known fairly accurately. If investment interest earnings are accumulated, it is considered a portion of the funds that will be available to retire the debt. The safety of principal is crucial when dealing with debt service funds. Expenditures of debt service funds are directly related to the issuance and retirement of the debt. Constant market monitoring may reveal possible savings through refinancing or restructuring of outstanding debt.

Tax Increment Financing debt pledges property taxes from newly created taxable value for the retirement of principal and interest. When incurring and structuring debt of this type, care should be taken to insure sufficient revenue growth will occur to retire the debt and related expenses.

Debt used to finance enterprise projects should demonstrate sufficient user's fees are available to support the debt and related expenses. Often, bond covenants will require additional reporting and levels of reserves to be maintained and properly demonstrated annually.

Enterprise Funds - These funds are financed and operated in a manner similar to private businesses where costs are recovered primarily through user fees, such as transit, compost, aquatic center concessions and water pollution control. . This fund type should contain operating, capital expenses and reserves for the exclusive use of the enterprise.

Internal Service Funds – This is an account for group insurance benefits, occupational insurance benefits, flexible benefits, and worker's compensation benefits provided to other departments on a cost reimbursement basis.

Agency Funds – These funds are used as a clearing account for cash resources collected by the City for distribution to the authorizing recipient. For example, sales tax due to the state.

3 - CASH RECEIPTS AND RECEIVABLES

3.1 - Internal Control

INTERNAL CONTROL

Proper control of cash and receivables is very important to the City. This is especially difficult (particularly with a limited staff) because a true segregation of duties and establishment of internal controls requires a clear-cut separation of activities. This is very challenging when responsibilities are shared. Without proper controls and policies, cash can be easily misappropriated; therefore, in accordance with good internal control, the following procedures need to be monitored and control must be established.

RECEIPT NUMBERING - All receipts must be pre-numbered

CASH DEPOSITS - Not less than daily, the Finance Department shall deposit all receipts of the City in accounts designated for such purpose in legal depositories, authorized by the City Council.

DIRECT DEPOSITS or- Electronic Fund Transfers (EFT) REMITTANCES. - Revenues due to the city such as property taxes, Road Use Tax Allocations, HUD payments or grant programs may be deposited directly into the accounts of the City with authorization of the City Treasurer/Finance Director and the respective agency. This method of fund transfer can be initiated by either the payer or the City. This mechanism can also be used for disbursements, i.e., automatic deposits for payroll or rent assistance payments. EFTs were designed as a cost-effective replacement for checks.

CREDIT CARD REMITTANCES - Payments for services may be accommodated using credit/debit card remittances for the payer's convenience when paying fines, tickets, etc. The surcharge may be passed on to the payer as long as the cardholder is notified prior to transaction completion.

WIRE TRANSFERS - With the wire transfer, only the payer can originate the remittance. The advantage to a wire transfer is its availability the same day. The disadvantage is the expense. Banks often charge a fee to initiate each wire and another fee from the receiving bank..

NIGHT DEPOSITS - Remote locations such as the swimming pools and compost facilities will be required to take daily receipts to the night deposit box of the banking institution designated for this purpose. The transit division is required to make, at a minimum, weekly deposits. This procedure will be followed to insure the safety of city receipts and to facilitate the bank deposit.

3 – CASH RECEIPTS AND RECEIVABLES

3.2 Receipt Payment Processing

CENTRALIZED COLLECTION POLICY

The more focused the City collection can be into one centralized collection point, the more efficient collection can become. All departments must use this centralized collection for funds due to the City unless specifically exempted such as the library, transit and parks and recreation fees. Advantages of a centralized collection program include:

- Less confusion for the public;
- Dedicated staff whose primary function is to collect monies due to the City. This person is familiar with City policy and feeschedules;
- Consolidation of accounts that combines debts of one citizen or customer from several departments, centralizes information on the customer or citizen who may use various names, company names or other related parties;
- Facilitates information collection on citizens or groups with poor payment or City service abuse histories, possibly preventing another collection problem, i.e., staff can monitor credit or rental histories on individuals or groups requesting permits, rent on facilities or other City services and can put a note on their account in the financial software to only accept cash or a credit card.
- Economies of scale (i.e., more than one delinquent bill with the City from different departments) can increase efficiency which makes the use of credit reporting services feasible and worthwhile; prevents other departments from setting up payment schedules or other payment arrangements which need to be monitored for compliance; and referring accounts to the collection staff or agency on a more timely basis;
- Decreases turn-around time from receiving department (point of collection) to

- point of deposit (into the bank);
- Gives the City the ability to compare funds owed to debtor for services provided to the City to pay for outstanding balances.
- Gives the City the ability to initiate the payment to itself. An example of this occurs when the City reaches out each month and electronically taps its customer's bank accounts on a prearranged, pre-approved basis, such as for retirees health insurance contribution. This is an automated clearing house (ACH) debit.
- Allows the City to accept credit card payments at pre-approved sites. (ie. Accounts Receivable, Library, and Parks & Recreation).

In addition to the centralized billing and collection for services and materials, additional assistance, such as legal staff and collection agencies may be considered as part of a comprehensive collection policy.

PAYMENTS BY MAIL: Randomly, the Finance Director and/or Accounting Manager will open the mail and compare checks received for the day against the bank deposit and cash receipts report.

IN-PERSON CASH PAYMENTS - This procedure requires the immediate receipting of the payment into the cash register system, as the payer is standing at the counter. It is important that all information is available to quickly and accurately credit the customer in an efficient and friendly manner and provide a receipt.

To insure accuracy in receiving cash, finance staff will alternate reconciling the cash drawer. Care should be taken to enter the amount contained in the drawer (i.e., how many pennies, nickels, dimes, etc.) **before** the activity report is generated by the cash register. The activity report displays the amount of cash and checks taken in during the business day. If the first person enters the denomination of cash, checks and coins, the second person of the office should run the cash register summary report and verify that they match. All discrepancies over a tolerable limit should be reported to the Finance Director/City Treasurer. A tolerable limit as of the adoption of this Policy shall be 2% of the petty cash balance held by the Finance Department. Each department should be sure to monitor the level of petty cash activity to insure sufficient funds to make change. This amount is recorded within the Finance Department.

The City has established a consolidated bank account or “central depository”. All cash and checks are deposited into that account to limit fraud.

The use of a central depository requires that sufficient accounting records be maintained to provide reporting of cash balances for each fund of the City;

Permits the concentration of cash to obtain large blocks of cash for deposit and investment purposes

A cash receipt journal and revenue/receivable subsidiary ledger shall be recorded as part of the general ledger.

SEPARATION FROM DUTIES: Finance staff should follow the Employee manual section 3.2 requiring time away from regular duties.

3.3- Bad Checks

BAD CHECKS

The return of a bad check shall be sent to a contracted agency for collection. Fees associated with these returned items are collected directly by the agency. As of this policy revision, the fee is \$30. Signs are posted at the front desk to notify the public.

3 – CASH RECEIPTS AND RECEIVABLES

3.4-Billed Accounts (Receivables) Procedures

BILLED ACCOUNTS

The City invoices citizens and customers who have not paid when the transaction occurs. Payments shall be allowed by cash, check, credit card, debit card, ACH or wire transfer.

Payment for items invoiced can be received by mail or delivery to the Accounts Receivable office at City Hall during normal business hours. The Police Department (for police related items only), Park & Recreation Department (for P&R items only), the library, transit, pools and compost facility can accept payment for cash sales or services at their respective sites.

Payment in full is expected within thirty (30) days from the date the invoice was originally billed. Many debtors are willing to pay their accounts, however, they may not be able to pay their accounts in full. In such cases, the City may allow partial payments with a written payment plan approved by the Finance Director. Arrangements for partial payments allow debtors to pay what they can, when they can, until the balance is paid in full, or they may pay a set amount until the balance is paid in full. If the debtor misses a payment, the entire balance may be immediately due in full.

Collection of Delinquent Revenues

Delinquent Accounts. Delinquent accounts refer to those accounts that are past due by a predetermined number of days. The due date varies by the type of account. Some accounts are due when the license or permit is issued, i.e., building permits. Other accounts become delinquent thirty days past the invoice date, i.e., parking tickets. All items invoiced through the Accounts Receivable office are delinquent after 30 days from the original billing date. When an account becomes delinquent, a systematic, aggressive collection procedure should be implemented according to established policy. Because delinquent accounts become more difficult and expensive to collect, it is necessary to encourage prompt payment of all debts due to the City.

For Non-Parking Accounts:

If an account is over 30 days old, the City will no longer consider this amount current and may begin to pursue a more aggressive approach other than the monthly statement. Delinquent accounts shall be aggressively pursued through the use of the following alternatives:

- Begin assessing interest based on the guidelines listed above. Any accounts not paid within 30 days will have interest assessed to their account at one and a half percent (1 ½%) per month. Interest to other cities will be deferred to sixty (60) days to allow council approval of expenditures (due to timing differences the other cities may not meet Marshalltown's 30-day period). Exceptions to the interest assessment is allowed for the following reasons: accounts that have been billed for

reimbursement under a federal or state grant program or another governmental agency.

- Revoke the offender's license until bills are paid in full.
- Net the amount due the debtor by any amount that is owed to the City
- Certify the bill to property taxes: If a bill is delinquent for services rendered and can be assessed to taxes the City Clerk shall be directed to submit to the City Council, a list of such bills to be certified to the taxes. As per the Iowa Code, the City Council must approve this list prior to certification. It is the intention of the City to try and recoup the administrative fees incurred. All accounts that are assessed to taxes will have an administrative charge added to the original charge.
- Take to small claims court if the amount exceeds \$50.00. The Court costs will be added to the original bill.
- File for a court order for a garnishment or wage attachment for the amount due plus expenses.
- Cite as a municipal infraction assessing a fine based upon the appropriate code section.
- Turn the bill over to a third-party collection agency: The use of a collection agency can benefit from the economics of scale and a dedicated focus on collections. This method, though proven somewhat effective, does reduce the anticipated revenue because of the collection fees. All staff should insure that every avenue has been exhausted for the full amount before using the collection agency.
- Put the offender on a "hot sheet". If an individual or business is more than 60 days delinquent in payment (this would give them a total of 90 days from the original invoice date) of the amount due to the City, their name is added to a list or a note added to their customer account that will prohibit any future issuance of any license or permit by the City until all accounts are paid. In addition, all future transactions may be required to be paid with cash, certified check or credit/debit card only basis.
- File the overdue account (as of this writing must exceed \$50) with the state for offset from any income due from the state.

For Parking Accounts:

After a ticket is delinquent (past due 60 days after a ticket is issued) and the owner has been identified, the Finance Department shall prepare an invoice and mail/email it to the ticket holder. Further collection procedures may be pursued including but not limited to one of the following options:

1) *The Habitual Violator Law.* All vehicles with five or more delinquent tickets will follow the rules pertaining to this City ordinance. Under this law, the City will tow the offender's vehicle. The offender has to pay all outstanding fines, an administrative charge and the towing fee before the individual will get the vehicle out of impound

2) *DMV-Plate Tagging.* For individuals owing \$25 or more, license plates may be flagged at the Department of Motor Vehicles to ensure that renewal of said license plate will be denied until all parking tickets owed to the City have been satisfied.

3) *State Income/Offset.* For individuals owing \$30 or more, the amount due

plus fees can be sent to the state for offset against any income they have coming due from the state.

If the violator's outstanding bills have been turned over to the State, DMV or other delinquent holds, the violator must pay by cash or credit/debit card to release the hold.

3 – CASH RECEIPTS AND RECEIVABLES

3.5 Write Offs

Write-Off Policies

In some instances, governments may be compelled to write off delinquent accounts. Such action usually takes place after all collection efforts have been exhausted and the account is either considered to be uncollectible or the amount owed is too small to warrant further collection efforts. The following circumstances will be used by the City of Marshalltown:

1. Discharged bankruptcy. The account has been discharged through bankruptcy court and the file has been noted with the date filed, number, court district, and date of discharge.
2. Wrong Responsible Party. The account was referred in the name of a company or individual that cannot be held liable for the debt.
3. Deceased. Debtor is deceased with no estate.
4. Invalid Referral. The account was assigned in error. A billing should not have been generated.
5. Court Refuses Judgment. The debt could not be substantiated in court.
6. Outlawed. The statute of limitations has run out without payment or promise of payment since the last transaction. As of this writing, 10 years for written contract and 5 years for unwritten contract.
7. Amount Doesn't Warrant Further Effort. No response to demand for payment. Further pursuit would not be cost effective.

Each write off must be approved by the Finance Director or City Administrator.

4 - INTERNAL CONTROL FOR INVESTMENTS AND BANKING SERVICES

INTERNAL CONTROL FOR INVESTMENTS

The City Treasurer/Finance Director or his/her designee and/or City Administrator shall, in accordance with the Code of Iowa and the City's Investment Policy, invest all idle funds of the City.

For purposes of internal control, the purchase of an investment shall be executed as follows:

The City Treasurer/Finance Director or his/her designee and/or City Administrator shall identify idle funds and determine possible length of investment (type of fund, operating vs. reserve, etc.) and date of need

IF OPERATING:

- 1) If less than 30 days, deposit in savings account or interest bearing checking account or money market account.
- 2) If more than 30 days but less than the number of days authorized by current law for the investing public entity, request quotes from the qualified institutions as designated by the council, requesting the interest rate, calculation method, and total interest to be paid.

IF RESERVES OR BOND COVENANT

- 1) If less than 30 days, deposit in savings account or interest bearing checking account or money market account.
- 2) If more than 30 days, but within 397 days or less or the timeframe authorized by current law for the investing public entity, get quotes from the qualified institutions as designated by the Council, requesting the interest rate, calculation method, and total interest to be paid.

NOTE: Check authorized investment types for this category of investment, i.e., Bond Resolutions

- 3) Advise all participating institutions of quote results
- 4) If a wire transfer is to be made for an investment, another Finance Department staff member other than the person making the wire, will proof and verify these entries prior to posting into the accounting system.

RECONCILIATION

A Finance staff member shall reconcile all investments insuring that original documents of the transaction are received from the participating institution and are consistent with monthly and/or quarterly statements.

Annually, a Finance staff member shall reconcile the 1099's received from all institutions holding interest-bearing funds of the City and report the verification to the City Treasurer.

CONTROLS OVER BANKING SERVICES

Banking services for checking accounts shall be awarded through competitive bid to banking institutions located in Marshalltown. The most favorable institution must demonstrate security, efficiencies, as well as favorable banking fees.

The Finance department shall monitor and record all banking activity for the City. Security from thief or fraud is of utmost importance.

Examples of types of accounts to be used:

- General Account: This account is designed for deposits and withdrawals
- Payroll Accounts: All net payroll checks written by the City for employees will be written from this account.. Funds will be transferred from the General Account to cover the paychecks.
- DMV Account: This account is maintained for those deposits collected by the DMV on behalf the City.
- Money Market or Savings Accounts: These accounts are used when the balance at the General and Payroll Account bank would exceed our contractual limit or, in some instances, the money market/savings rates are better than the CD rates. The establishment of these accounts are bid under the same process as the Investment section listed above.

Other miscellaneous accounts: From time to time various accounts may be required by grantees or state statute. Accounts may also be established if the City is the fiscal agent for another organization

Cash Disbursements:

All disbursements except for petty cash, are generated through the accounting system by check, electronic payment, or bank draft. Check stock is pre-numbered and with adequate physical control over unauthorized use. Electronic payments and bank drafts are also numbered.

Refer to the following ordinances for the particular past due fees related to the following areas:

1. Rental Registration or Inspection Fees : Code Section 15.5-5
2. License & Permits: Code Section 17-6
3. False Alarms: Code Section 17.245
4. Nuisances: Code Section 1-8; 21-71