City of Richland Center

Financial Policies

Effective September 1, 2026

Accounting

Purpose

The purpose of this policy is to set uniform guidelines for the accounts payable/receivable process. Any mandatory applicable state or federal law or regulations will supersede this policy. The Finance Committee shall be charged with the enforcement of the rules that are set out by this policy.

Basis of Accounting – Government-wide financial statements are prepared using the accrual basis of accounting, and proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

A. Recording of Accounts Payable – In the event an incorrect code is placed on an invoice, the Clerk/Treasurer should be notified and the Clerk, Deputy Clerk, and the Department Head shall meet to resolve the issue. In the absence of the department head, the Council may approve the bills presented at each meeting or listed as a specific agenda item. Council meetings are held on the first Tuesday of every month. Bills not turned in to the City Clerk's office by 12:00 PM on the Monday before the Council meeting may be postponed to the following Council meeting with the exception of the bills approved by the Library Board which should be paid immediately after turned into the Clerk/Treasurer's Office. The Library bills should then be presented to the next possible Council meeting to be reviewed. Bills are entered into the City's Accounts Payable Computer Program, checks are printed prior to the Council Meeting, and a detailed check register showing the account number and check description detail will be presented to the City Council for final approval.

B. Voucher Packages – Voucher packages shall be given to the Clerk/Treasurer by noon on the date of the Council meeting for review prior to the meeting. The Clerk/Treasurer shall scan the check register and upload it to the Council packet.

C. User Fees and Charges – Fees and charges should be reviewed annually and should be modified as needed.

D. Accounts Receivable –

a. Changes/Adjustments. Any invoice placed in the system shall not be reversed, adjusted, or discounted by the department that initiated the invoice. The department shall submit a change request to the Clerk-Treasurer for review and possible approval or if the cost is over $300, the Finance Committee shall review and possibly approve. All bills incurred by the City for which another individual or other legal entity is liable to the City will be entered into the City's Accounts Receivable System and billed to the responsible party in the next monthly billing after receipt of the bill by the City. All charges to the City for services rendered to an individual or other legal entity will be entered into the City's Accounts Receivable System and billed to the responsible party in the next monthly billing after the City has received notice of such charge to the City. Monthly billings shall be prepared and mailed out by the City within the first 4 days of each month beginning August 1, 2013.

b. Delinquent Payments and Collections. All invoices or statements which have not been paid within 30 days after the initial billing shall incur an additional 1% late fee for each month that they remain unpaid or such lesser amounts as limited by law, until paid in full. Accounts are to be kept up-to-date so that when a balance due in the "60 days" column, their statement is marked "Past Due" in the upper right corner of the statement in large red letters. A letter is issued at 30 days and at 60 days past due notifying the status of their account. A customer will receive up to three statements as follows: 1st statement-current balance, 2nd statement-30 days, 3rd statement 60 days (marked past due). All unpaid billings, invoices, or statements not paid within 60 days from the initial billing date will be aggressively pursued for collection with any means or procedure permitted under Wisconsin Statutes by the Clerk/Treasurer's Office. One of the following four options shall be pursued that is most appropriate to the type of charges owed and does not requiring prior approval by the Finance Committee or Common Council to initiate collection:

1. The State of Wisconsin Tax Refund Intercept Program
2. the State of Wisconsin Debt Collection System
3. Small Claims Court or other suit through the Richland County Court System
4. A Special Assessment on the property tax bill.

The Finance Committee will review all delinquent accounts at regular meetings.

c. Payments from Accounts with Non-Sufficient Funds. If a payment is submitted to the City of Richland Center from a bank account with non-sufficient funds, the City Clerk-Treasurer, or designee, shall notify the issuer that the City will charge a $25 collection fee for all NSF checks plus any additional fees charged by the bank. Anyone submitting an NSF check to the City more than once in a two-year period will be required to make all future payments to the City by cash, cashier check or money order.

d. Landfill Account Delinquency. Accounts are to be kept up-to-date so that when a balance due in the "60 days" column, their statement is marked "Past Due" in the upper right corner of the statement in large red letters along with an additional note added to their statement notifying them at they need to pay their balance to avoid account closure. Accounts that are still not paid after the next billing period have their charge accounts closed and are denied access to the landfill facility until they pay their balance. A letter is issued at

30-days and at 60-days past due notifying them on the status of their account. A customer will receive up to three notices as follows: 1st statement-current balance, 2nd statement-30 days, 3rd statement-60 days (accounts gets closed and collection methods begin). All unpaid billings, invoices, or statements not paid within 60 days from the initial billing date will be aggressively pursued for collection with any means or procedure permitted under Wisconsin Statutes by the Clerk/Treasurer's Office. After the balance has been paid in full, the account is reopened on a "probationary basis" (meaning that if they fall behind again, they lose the privilege of having a charge account permanently). After all payments clear the bank and a zero balance is verified, the charge account is closed. From that point on, they can go to the landfill but will have to pay each time the facility is used.

E. Office of Comptroller – All statutory duties of the comptroller shall be made part of the Clerk/Treasurer's duties with the exception of those duties expressly assigned by the Common Council to another officer or boards, or to the council or a committee there of. The City Clerk/Treasurer will provide a Treasurer's report to the City Council at the first meeting of every month. The following comptroller duties shall be made part of the City Finance Committee's duties:

a. The Finance Committee shall each month and as often as reported examine the treasurer's accounts as reported and as kept, and attach thereto a report to the council as to their correctness and as to any violation by the treasurer of the treasurer's duty in the manner of keeping accounts or disbursing moneys.

b. The Finance Committee shall examine each claim presented against the city, and determine whether it is in proper form, and if it is on contract, whether authorized and correct. For these purposes the Finance Committee may swear witnesses and take testimony. If the Finance Committee finds no objection the Finance Committee shall mark its approval on the claim. If the Finance Committee disapproves in whole or in part, the Finance Committee shall report the reasons for that disapproval to the council. The Finance Committee shall in all cases report evidence taken. No claim shall be considered by the council or be referred to another committee until it has been so examined and reported on.

c. The City Council may in writing, filed in the office of the clerk, appoint a Deputy who shall act under the Finance Committee's direction and in the Clerk/Treasurer's absence or disability, or in case of a vacancy shall perform the comptroller's duties designated to the Clerk/Treasurer. The Deputy shall receive such compensation as the Council provides. The acts of such Deputy shall be covered by official bond as the Council directs.

F. Financial Statement Preparation – Fund balances in governmental funds will be reported under the following categories using the definitions provided by GASB Statement No. 54:

a. Non-spendable Fund Balance: Non-spendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Non-spendable amounts will be determined before any other classifications. It is the responsibility of the City Clerk/Treasurer to report all Non-spendable Funds appropriately in the City's financial statements. Examples of Non-spendable Funds are: Inventory and prepaid expenditures.

b. Restricted Fund Balance: Funds should be classified as restricted when constraints are placed on the use of resources, which constraints are either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

c. Committed Fund Balance: Committed funds include amounts that can only be used for specific purposes determined by a formal action of the City's highest level of decision-making authority (i.e. City Council). Authority to Commit Commitments will only be used for specific purposes pursuant to a formal action of the City Council. A majority vote is required to approve a commitment and must take place within the fiscal reporting period, no later than December 31st; however, the amount can be determined subsequent to the release of the financial statements. A majority vote shall be required to make or change the specific use of a commitment.

d. Assigned Fund Balance: This category includes amounts intended to be used by the City for specific purposes but which do not meet the criteria to be classified as restricted funds or committed funds. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council delegates the City Clerk/Treasurer to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

e. Unclassified Fund Balance: This category includes the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes from which amounts had been restricted, committed, or assigned.

G. Operational Guidelines: The following guidelines address the classification and use of fund balance in governmental all funds:

a. Classifying fund balance amounts: Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

b. Prioritization of fund balance use: When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it shall eb the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

c. Minimum unassigned fund balance: The City will maintain a minimum unassigned fund balance in its General Fund ranging from 20 percent to 30 percent of the subsequent year's budgeted expenditures (including other financing uses). This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

d. Replenishing deficiencies: When a fund balance falls below the minimum 20 percent range, the City Clerk/Treasurer will develop a budgetary plan to replenish the fund balance to the established minimum level within five years.

e. Implementation and review: The City Council authorizes the City Clerk/Treasurer to establish any standards and procedures which may be necessary for its implementation. The City Clerk/Treasurer shall review this policy and at least annually and make any recommendations for changes to the City Council.

H. Budget Formation Process: Budget process begins in August. City Clerk/Treasurer meets with Mayor for direction on next year's budget. City Clerk/Treasurer distributes revenue and expenditure worksheets to department heads in August. Worksheets are returned to City Clerk/Treasurer in early September. City Clerk/Treasurer has Accountant enter numbers into the Budgetary Program and prints total document for the Clerk/Treasurer. The Mayor meets with City Clerk/Treasurer to review and approve a preliminary budget. City Clerk/Treasurer's office compiles data for budget meetings to be held in September and October with finance committee as the committee sees fit. Department heads present requests to the finance committee if requested. Once approved by finance, notice is prepared for and turn into the local paper for publication of a public hearing. Budget is officially adopted through public hearing process.

Within one week of the end of every month, every department head and the council shall be emailed a budget report based on the expenditure and revenue activities of the previous month.

I. Records Retention Policy: The City of Richland Center has adopted the Wisconsin Municipal Records Schedule for the administration and disposition of public records approved by the Wisconsin Public Records Board.

Adopted this 3rd day of November, 2020 by the Common Council of the City of Richland Center. Amendments: June 6, 2023 (Alternative System of Approving Claims, Ord 2023-2); February 6, 2024 (Donation Policy); September 1, 2023 (Purchasing and Procurement Policy)