

City of Minot

TO: Mayor Chuck Barney
Members of the City Council

FROM: David Lakefield, Finance Director

DATE: May 24, 2018

SUBJECT: **Accounts Receivable Finance Charges**

I. RECOMMENDED ACTION

- A. Implement the assessment of a finance charge of 1.75%/month for accounts > 30 past due.
 - B. Approve the Account Application Form.
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II. DEPARTMENT CONTACT PERSONS

David Lakefield, Finance Director 701-857-4784

III. DESCRIPTION

- A. Background
The Council had previously directed Staff to work to implement a finance charge on past due accounts. We have been able to successfully set up and calculate the charge. Upon approval of the language to be included in the forms, Staff will communicate the new charge and begin the assessment of the charge on June 30th.
- B. Proposed Project
Begin attaching the finance charge to all new invoices and assess the charge on all invoices > 30 days past due.
- C. Consultant Selection
N/A

IV. IMPACT:

- A. Strategic Impact:
The implementation of the finance charge would encourage customers to pay in a more timely manner.
- B. Service/Delivery Impact:
The implementation will require modification of the charge codes in the Sunguard System, the addition of language to print on the invoices and statements as well as the addition of language to applications for accounts with the City. We would also update the applications for existing accounts.

C. Fiscal Impact:

Potential finance charges could be as much as \$12,250 per month.

V. ALTERNATIVES

Continue operations as they are today.

VI. TIME CONSTRAINTS

ASAP

VII. LIST OF ATTACHMENTS

A. City of Minot Account Application