

**City Manager's Office**  
**Administrative Order No:** 061  
**Issued:** 11/26/2014



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Approved by: Joe Sbranti, City Manager

**SUBJECT: Returned Checks and ACH (Automated Clearing House) Credit  
Rejects Due to Non-sufficient Funds**

**PURPOSE:**

To establish a city-wide policy and internal procedure in handling returned checks and ACH credit rejects. This policy will ensure a consistent process for a timely and effective recovery of funds.

**PROCEDURE:**

The bank initially notifies the Finance Department for all returned checks and ACH credit rejects due to non-sufficient funds. Upon receipt of a returned check and ACH credit reject, the Finance Department will determine the depositing department which accepted these funds.

The following procedures will be initiated based on the depositing department or account credited.

**Utility Billing – Water Accounts**

The collection process will be administered by the Finance Department. An adjustment to reverse the payment on the customer's account will be processed. The customer will be notified by placing a door hanger on their property and giving them 48 hours to make their payment. Failure to make the payment within the specified time will cause their water service to be disconnected.

**Building & Engineering – Permits**

The collection process will be administered by the Finance Department. An adjustment to reverse the payment on the customer's account will be processed. Building and Engineering will be notified of the returned checks and ACH rejects. A collection letter will be mailed to the customer giving them ten (10) business days from the date of the letter to make their payment. If there is no payment received, a final letter will be mailed to the customer giving them five (5) business days to make their payment. Failure to make a payment within the specified due date will result in having their account turned over to the City's collection agency.

## **Other Departments**

The collection process will be administered by the Finance Department and the depositing department. A journal entry to reverse the payment will be processed. The journal entry should reflect the date the bank adjusted the City's account. Unless the depositing department decides to administer the collection on their own, the Finance Department will proceed with the collection letter. A collection letter will be mailed to the customer giving them ten (10) business days from the date of the letter to make their payment. If there is no payment received, a final letter will be mailed to the customer giving them five (5) business days to make their payment. Failure to make a payment within the specified due date will result in having their account turned over to the City's collection agency.

All returned checks and ACH credit rejects will be charged a returned check fee for each returned item as specified in the City's master fee schedule.

Repayments shall be in the form of guaranteed funds (cash, money order, cashier's check, and credit card).

CASH ONLY HOLDS (payments in guaranteed funds only) will apply as follows:

### **Utility Billing – Water Accounts**

Two (2) occurrences within 12 months on any account. The hold shall be released after 24 months of clean history from the last occurrence.

### **Other Departments**

Two (2) occurrences within 12 months on any account. The hold shall be released after 12 months of clean history from the last occurrence.