
525: Accounts Receivable Policy

1.0 Purpose

- 1.1. These procedures specify the steps that must be taken to ensure accounts receivable are invoiced, posted and collected in a timely, fair and cost effective manner.

2.0 Policy

- 2.1. The Tukwila Pool Metropolitan Park District (District) monitors A/R to ensure timely and accurate payment by District customers and, as necessary, resolving outstanding invoices.

3.0 Definitions

- 3.1. **Accounts Receivable (A/R)** - Includes money owed to the Tukwila Pool Metropolitan Park District for goods or services provided to students and/or other parties.
- 3.2. **Customer** – Any person or organization that utilizes the services or purchases goods from the Tukwila Pool Metropolitan Park District.
- 3.3. **Contract Agency** – Any person or organization contracted with the District to provide professional services.
- 3.4. **District Accountant** – Any person or organization responsible for the Districts bookkeeping and financial servicing.
- 3.5. **A/R Management System** – The District program which tracks and manages all A/R customers. (Note: A/R Management System is not the name of the District’s program.)

4.0 Designation of A/R Manager

- 4.1. The Executive Director or Board Designee should delegate to a District employee or District contract agency the responsibility of managing the District A/R’s and invoicing in accordance with this policy and procedures.

5.0 A/R Procedures

- 5.1. **Granting of Credit.** Payment at the time of transaction (when goods are sold or services are rendered) should be collected whenever possible by cash, check, or debit/credit card. District credit may be granted when the collection of payment at the time of transaction is not practical or when deemed to be in the best interest of the District. In these cases, prudence with respect to the credit risk incurred must be observed at the time of transaction.

525- Accounts Receivable Policy

- 5.2. Collecting Customer Data.** At a minimum, customer name, address, and telephone number must be obtained prior to granting credit. For businesses, the name of a contact person must be collected. Obtaining a Taxpayer Identification Number (e.g. FEIN, SSN) is not mandatory; however, it is a useful collection tool and should be considered to minimize risk, depending upon your familiarity with the customer, the amount of the credit extended, and the nature of your business with them.
- 5.3. Payment Terms.** Implicit in the granting of credit by the District is the intention that payment should be made in full within 30 days of invoicing. The Executive Director or Board Designee must approve any formal arrangements authorizing credit for more than 30 days unless other District policies or regulations exist to the contrary.
- 5.4. Timeliness of Invoicing.** Prompt invoicing is essential for effective management of receivables. The responsible A/R Manager should enter and complete invoices in the accounts receivable A/R Management System as expeditiously as possible, but no later than ten business days after the debt to the District is incurred, unless other guidelines/requirements indicate otherwise, i.e. sponsored program invoices.
- 5.5. Follow up Statements.** The District, on a monthly basis, should issue a current statement of outstanding invoices to any customers with outstanding A/R balances.
- 5.6. Receipt of Payments/Credits.** The A/R manager should post any payments/credits that are received to the A/R Management System and then include the payment with the District's daily deposits to the King County Treasurer by way of U.S. Bank.
- 5.7. Bank Returned Checks.** The District should make a reasonable attempt to collect on all bank returned checks. When a check is returned by a bank the Executive Director (or his or designee) or District Accountant should contact the payee by letter to inform them that the check has been returned and indicate they have 10 days to pay the full amount of the check plus a fee determined by the District Accountant based on processing costs. Payment should be in the form of cash, cashier's check, money order or credit card and payee may be suspended from participating in District programming or activities until all charges are paid. Upon unsuccessful recovery of the amount due, the District may follow Collection Procedures (5.8) or take other actions as deemed appropriate by the Executive Director (or his or designee). If the household has had two or more returned checks within 12 months, they will be required to pay by cash, cashier's check, money order or credit card for any further Park District goods or services.
- 5.8. Collection Procedures.** Collection of receivables is the responsibility of the A/R Manager. Care should be taken to protect the District's business relationship with the customer and is encouraged to utilize their business relationship to help obtain timely payment of invoices. Account statements, letters, and phone calls should be utilized to collect past due accounts. Accounts that remain past due for an extended period of time will be referred to an outside collection agency. The A/R Manager may agree to payment arrangements at the direction of the Executive Director or Board Designee, in lieu of

525- Accounts Receivable Policy

referral to outside collection. The Executive Director or Board Designee and Board President, when appropriate, may authorize litigation to collect any outstanding receivables.

5.9. Write Off as Bad Debt. Bad debt is defined as “payment for actual costs incurred on any given customer that is deemed uncollectible.” The District recognizes bad debts arising from A/R after all appropriate internal and external collection efforts have proven unsuccessful. The District Accountant and the Executive Director or Board Designee will make the determination as to when an outstanding customer A/R balance should be converted to a write-off as bad debt and present a report to the Board for approval for removing the debt off the District books. Bad debt should be written off at the end of the next fiscal year the debt was incurred in.