

525 - Accounts Receivable Policy

1.0 PURPOSE

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

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

The following terms shall have the meaning provided:

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’s software which tracks and manages all A/R customers. (Note: A/R Management System is not the name of the software.)

4.0 DESIGNATION OF A/R MANAGER

4.1

The Tukwila Pool Metropolitan Park District Director of Aquatics Operations and/or District Administrator 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 by the Tukwila Pool Metropolitan Park District Director of Aquatics Operations and/or District Administrator 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.

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.

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 Tukwila Pool Metropolitan Park District Director of Aquatics Operations and/or District Administrator must approve in writing any formal arrangements authorizing credit for more than 30 days unless other District policies or regulations exist.

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.

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

Late Fee. Any account balance outstanding 30 days after invoiced shall incur a late fee of \$25. Additional late fees shall be assessed monthly, at a rate of 1% per month (12% per annum.), until past due balance is paid in full. The A/R Manager may agree to waive or reduce late fee(s) in writing at the direction of the Tukwila Pool Metropolitan Park District Director of Aquatics Operations and/or District Administrator.

5.7

Receipt of Payments/Credits. Payments/credits are to be posted to the A/R Management System when received and then the payment included with the District's weekly deposits to the Deposit Account.

5.8

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 A/R Manager 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 an NSF fee of \$40 or the maximum allowable by law. 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, activities, or rentals until all charges are paid. Upon unsuccessful recovery of the amount due, the District may follow Collection Procedures (5.9) or take other actions as deemed appropriate by the A/R Manager. If the customer 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 District goods or services.

5.9

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 may be referred to an outside collection agency. The A/R Manager may agree to payment arrangements in writing at the direction of the Tukwila Pool Metropolitan Park District Director of Aquatics Operations and/or District Administrator, in lieu of referral to outside collection. The Tukwila Pool Metropolitan Park District Board President, when appropriate, may authorize litigation to collect any outstanding receivables.

5.10

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 Tukwila Pool Metropolitan Park District Director of Aquatics Operations and/or District Administrator 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.