

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 William Shore Metropolitan Park District monitors A/R to ensure timely and accurate payment by Shore Aquatic Center customers and, as necessary, resolving outstanding invoices.

3.0 Definitions

Accounts Receivable (A/R) - Includes money owed to William Shore Metropolitan Park District for goods or services provided to students and/or other parties.

Customer – Any person or organization that utilizes the services or purchases goods from the Shore Metropolitan Park District.

A/R Management System – The District program which tracks and manages all A/R customers.

4.0 Designation of A/R Manager

The Executive Director shall designate a District employee 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.

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 will be made in full within 30 days of invoicing. The Executive Director 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.

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5.5 Follow up Statements

The District, on a monthly basis, will 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 will 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 County Treasure.

5.7 Collection Procedures

Collection of receivables is the responsibility of the A/R Manager. Care will 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 will 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, in lieu of referral to outside collection. The Executive Director, when appropriate, may authorize litigation to collect any outstanding receivables.

5.8 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 Account and the Executive Director will make the determination as to when an outstanding customer A/R balance will 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.