

Policy Number: 2.22.0

Title:

ACCOUNTING FOR COUNTY COLLECTIONS OF DELINQUENT ACCOUNTS

Introduction

This policy has been developed to establish the procedure for accounting for (1) transfer of delinquent accounts to Placer County for collection and (2) receipt of cash from the County in payment of the delinquent accounts.

Background

The District transfers its unpaid water, sewer and garbage bills (delinquent accounts) to Placer County for collection on the property tax rolls. Placer County charges the District a fee equal to 1% of the transferred amount. Placer County places the full amount of the unpaid bill on the customer's property tax bill. Placer County pays the District the full amount of the unpaid bills, less the 1% fee, as part of the County's property tax payment.

For purposes of this Policy, the full amount of all unpaid bills will be called "Balance".

Before the District sends the Balance to the County, each delinquent customer is charged an amount equal to 1% of the bill to pay the collection fee. At that time, the following accounting procedure shall be performed: (a) debit Accounts Receivable with an amount equal to 1% of the Balance; (b) credit Other Income with an amount equal to 1% of the Balance.

When the District transfers the unpaid bills (delinquent accounts) to the County, the following accounting procedure shall be performed: (a) debit County Collections the Balance less 0.1% of the Balance; (b) credit Accounts Receivable the Balance plus the 1% fee (this should effectively zero out Accounts Receivable); (c) credit County Collection Expense with an amount equal to 1.01% of the Balance.

When the District receives monies from the County in payment of the delinquent accounts, the following accounting procedure shall be performed: (a) debit Cash for the full amount of the monies received from the County in payment of the delinquent accounts (this should be equal to the Balance less .01%); (b) credit County Collections for the full amount of the monies received from the County in payment of the delinquent accounts (this should zero out the County Collections account).

Responsibility

It is the responsibility of the District's accountant to ensure compliance with this policy.