

RESOLUTION NO. 12-003

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
WESTERN RIVERSIDE COUNTY
REGIONAL CONSERVATION AUTHORITY
ADOPTING AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND
ESTABLISHING AUTHORITY LEVELS TO WRITE-OFF ACCOUNTS RECEIVABLE**

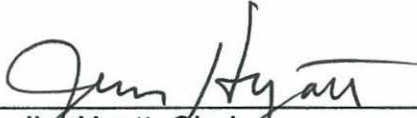
WHEREAS, the Western Riverside County Regional Conservation Authority (the "Authority") is a public agency of the State of California formed by a Joint Exercise of Powers Agreement ("Agreement"); and

WHEREAS, the Authority is responsible for properly reporting the value of the Authority's assets; and;

WHEREAS, the Authority believes it is important to adopt a policy to set up an allowance for uncollectible accounts and establish levels of authority to write-off uncollectible accounts.

NOW, THEREFORE, BE IT RESOLVED that the Western Riverside County Regional Conservation Authority Board of Directors hereby adopts Policy No. RCA-GA-003: General Accounting - Allowance for Uncollectible Accounts and Write-off Accounts Receivable Policy" a copy of which is attached hereto and incorporated herein.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Western Riverside County Regional Conservation Authority held this 7th day of May, 2012.

BY: 

Jim Hyatt, Chairman
Western Riverside County
Regional Conservation Authority

ATTEST:

BY: 

Honey Bernas, Clerk of the Board



SECTION:	2C	CATEGORY: General Accounting – Allowance for Uncollectible Accounts and Write-off of Accounts Receivable Policy
RESOLUTION NO: POLICY NO:	12-003 RCA-GA 003	APPROVED BY: RCA Board of Directors
DATE APPROVED:	5-7-12	AGENDA ITEM: 8.1

PURPOSE: To establish guidelines for recording of *Allowance for Uncollectible Accounts* and establish authority levels to *write-off accounts receivable*.

SCOPE: This policy applies to all receivable balances owed to the Authority.

DEFINITIONS:

Accounts receivable – A current asset account on the balance sheet. It represents money owed to the Authority for revenue earned. The Authority has receivables from various sources as follows:

Joint Project Review (JPR) – receivables from businesses or organizations for project review reimbursement for which initial deposit is insufficient to offset the cost incurred by the RCA.

Mitigation Fees – MSHCP fees collected or under-collected by Member Agencies which have not been remitted to the Authority.

Civic and Infrastructure Fees – MSHCP fees not yet remitted to the Authority from eligible civic or infrastructure contracts awarded by Permittee members.

Other Receivables – amounts owed to the Authority for goods or services provided.

Allowance for Uncollectible Accounts - A contra-asset account on the balance sheet representing a portion of accounts receivable the Authority does not expect to collect.

Write-off of Accounts Receivable – Permanent removal of accounts receivable amounts from the accounting records for accounts deemed uncollectible.

POLICY:

It is the policy of the Authority to diligently pursue all monies due it. Under certain circumstances regardless of the best efforts of the staff, monies due to the Authority may not be collected. The timely identification of accounts receivable whose collection is doubtful is a critical component of measuring the value of the Authority’s assets.

I. *Allowance for Uncollectible Accounts:*

- A. In accordance with generally accepted accounting principles, an allowance for uncollectible receivables should be recorded if both of the following conditions are met:
 - 1. It is probable that receivables recorded at the financial statement date will not be collected; and
 - 2. The uncollectible amount can be reasonably estimated.
- B. When collection of delinquent accounts receivable (greater than 90 days) is deemed doubtful, the Authority shall establish an *Allowance for Uncollectible Accounts*. Staff will accrue a loss of collection against current year income and increase the *Allowance for Uncollectible Accounts*.
- C. Staff will continue collection efforts of the delinquent account until collection efforts are exhausted and the account is considered uncollectible.

II. *Write-Off Accounts Receivable:*

- A. The following criteria shall be used in determining accounts eligible for write-off from the Authority's accounting records:
 - 1. The accounts receivable is older than one year and collection efforts have been unsuccessful.
 - 2. The responsible party has declared bankruptcy.
 - 3. A legal settlement has been reached with the responsible party and a determination has been made as to the amount owed to the Authority.
 - 4. A court of law has denied the Authority a judgment for the money due.
 - 5. The statute of limitations has expired for claiming the money due to the Authority.
 - 6. The cost of further collection will exceed the amount recovered.
 - 7. The debtor cannot be located.
- B. Finance staff will prepare a quarterly list of all eligible accounts to be considered for write-off and submit to the Executive Director.
- C. The Executive Director shall have authority to approve write-off of individual accounts up to \$1,000, except for accounts receivable derived from MSHCP fees.
- D. Uncollectible accounts receivable from Member Agencies and/or Permittee Members for MSHCP fees must be submitted to the Ad Hoc Committee annually for review and recommendation. Upon the Ad Hoc Committee recommendation to write-off, all uncollectible MSHCP receivables must be submitted to the Authority's Board of Directors for review and approval for write-off.
- E. All other individual uncollectible accounts over \$1,000 will be forwarded to the Authority's Board of Directors annually for review and approval for write-off.
- F. Staff will perform the appropriate accounting entries to remove the uncollectible accounts from the Authority's general ledger.

- G. JPR accounts written off will be placed on a JPR Delinquent List. Returning customers on the delinquent list shall be required, if appropriate, to pay the delinquent balances prior to initiating a new JPR.