

UNCOLLECTIBLE ACCOUNTS RECEIVABLE

I. PURPOSE

The purpose of this policy is to establish procedures regarding the write-off of uncollectible receivables.

II. BACKGROUND

To ensure strong financial management practices, the proper controls over revenues are imperative in accounts receivable management and general oversight over the various revenues, including fees and developer deposits, collected. Efforts should be made to pursue the timely collection of delinquent accounts.

III. POLICY

The timely identification of potential losses is an essential element in appropriately measuring the value of the City's assets. When delinquent accounts are deemed uncollectible they should be written off the financial statements. However, no account will be written off unless all efforts have been exhausted in its collection. This policy is to ensure accurate recordings of such processes.

IV. PROCEDURES

Prior to determining whether an account should be written off, the following procedures must be completed:

- a. The City shall bill on a monthly basis
- b. The due date from the billing date should be at least 30 days but no more than 45 days.
- c. Accounts with an outstanding balance should be sent a letter if full payment is not received by the due date. Staff should contact the Planning, Building, and/or Engineering department(s) for delinquent developer deposits to ensure addresses have been updated.
- d. Non-emergency services are discontinued for delinquent customers. Customers will be reinstated when payment in full is received. Generally this will refer to developer accounts when no additional work will be completed until the account is in good standing.
- e. The City shall contact the delinquent account holder at least twice in writing. The second notification shall warn the account holder that if the amount owing is not received within 30 days, the account will be turned over for collection by a collection agency.

- f. The City, may, at its discretion, offer a repayment option to the delinquent account holder.
- g. The City may take the account holder to small claims court to collect the debt.
- h. Customers who remit "insufficient funds" checks more than two (2) times will be required to pay in cash or money order.
- i. Delinquent accounts shall be turned over to a collection agency if no payments have been received within 120 days of initial billing.
- j. The City shall contract with a collection agency to handle those accounts the City has not, by acting with due diligence, been able to collect.
- k. City Council – The Finance Director will submit to the City Manager for presentation to and approval by the City Council, a memorandum detailing the recommended write offs and a summary of the due diligence completed.

V. ADDITIONAL INFORMATION – The following represent criteria for writing off delinquent accounts:

- a. Costs of further recovery actions will exceed estimated recovery amounts
- b. Inability to locate debtor
- c. Forgiveness of debt as approved by Council
- d. Debtor has declared a Chapter 7 bankruptcy
- e. Court judgments
- f. Accounts owned by companies no longer in business and for which collection efforts have failed.
- g. Accounts of deceased persons
- h. Other reasons on a case by case basis
- i. The Finance Director has the authority to approve write offs in the amount of \$50 or less.

RESOLUTION NO. 08-1916

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MURRIETA,
CALIFORNIA ADOPTING A POLICY FOR UNCOLLECTIBLE
ACCOUNTS RECEIVABLE

WHEREAS, the City of Murrieta has the need to provide a mechanism for writing off uncollectible accounts receivable; and

WHEREAS, in order to properly address uncollectible accounts receivable, the City of Murrieta needs a policy to direct staff in the procedures; and


WHEREAS, a policy has been developed to address delinquent accounts,

NOW, THEREFORE, BE IT RESOLVED by the City Council of Murrieta, California, that the Policy for Uncollectible Accounts Receivable is hereby approved.

PASSED, APPROVED AND ADOPTED this 15th day of January, 2008.


Richard H. Gibbs, Mayor

ATTEST:

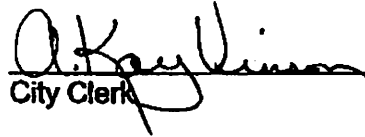

A. Kay Vinson, City Clerk

APPROVED AS TO FORM:


Leslie E. Devaney, City Attorney

I, A. Kay Vinson, City Clerk of the City of Murrieta, California, do hereby certify under penalty of perjury that the foregoing Resolution was duly adopted at a regular meeting of the City Council on the 15th day of January 2008 by the following roll call vote:

AYES:	Bennett, Enochs, Gibbs, McAllister, Thomasian
NOES:	None
ABSENT:	None
ABSTAIN:	None



City Clerk

(Seal)