

Chittenden Solid Waste District

RECEIVABLES MANAGEMENT POLICY

The objective of this policy is to ensure that all CSWD accounts receivable are managed efficiently and effectively, consistent with CSWD's purpose and powers set forth in its Charter Agreement (24A VSA Chapter 405).

The purpose of this policy is to ensure that CSWD collects payment for providing a product, a service, the use of a facility, a right, or a privilege; grants credit only if it benefits CSWD by fostering social or economic programs, for instance or when credit is the only acceptable way of operating in a particular market; records all accounts receivable in the CSWD accounting system; and takes prompt and vigorous collection action to keep accounts receivable at a minimum.

The monthly interest rate to be charged shall be one percent (1.0%) per month. CSWD reserves the right to charge up to 1.5% per month in accordance with section 4.7B of the District's Solid Waste Management Ordinance.

The maximum time period to be allowed before a delinquent account is placed on cash only basis at all CSWD facilities and facilities with CSWD-licensed scales shall be 60 days.

RECEIVABLES MANAGEMENT PROCESS

Granting credit

CSWD may grant credit and charging privileges to a customer for the sale of goods, services, use of facilities, rights, and privileges that it may provide. Consistent with the District's Solid Waste Management Ordinance, CSWD will consider granting credit privileges only after a background credit check and banking background check of applying customer is completed and the potential debtor's credit status is deemed satisfactory.

As part of the credit process, CSWD will:

- issue invoices when goods, services, use of facilities, rights, and privileges are not paid for when provided;
- provide terms of credit; and
- determine the acceptable level of credit risk.

Recording and reporting receivables

CSWD's policy is to provide that:

- accounts receivable are accurately and promptly recorded in the accounts of CSWD on a monthly basis and, at year end;

- there are proper internal controls over accounts receivable;
- accounts receivable form an integral part of the CSWD accounting system;
- accounts receivable systems include all debts and other claims that are due;
- the accounts receivable system provides a complete audit trail that permits tracing of all transactions relating to an account receivable, from the transaction that gave rise to the debt to its final settlement; and
- once an amount owing has been recorded in the CSWD accounts, it is not deleted from these accounts until the finance department has received full payment or has properly authorized a remission or other forgiveness, a write-off, or a cancellation.

Billing

CSWD will routinely process and collect charges for services, goods, and/or disposal charges by issuance of receivables invoices.

CSWD's normal monthly billing process will be completed by the 10th of the following month for which charges are incurred. Upon receipt of bills, customer will have until the 10th of the next month before overdue finance charges are assessed. Finance charges on a monthly basis will be assessed as long as the account is in arrears and unpaid.

Past Due Receivables Management

CSWD will manage its receivables as to aging on a monthly basis by any of the following procedures:

- Sending monthly statements
- Sending letters
- Sending balance due reminder statements or letters
- Making telephone calls
- Making personal contact

If the account remains unpaid for a period longer than 60 days, that account will be subject to two actions:

1. The account will be placed on a cash only basis at all disposal facilities, and
2. A written arrangement will be instituted to assure full payment within 90 days.

Should the customer, after signing the payment agreement, fail to comply with the terms of the agreement, said customer will be denied disposal privileges and the hauler's license may be revoked. Continued failure to pay all remaining unpaid balances will result in CSWD taking legal action by whatever means to ensure collection of receivable due.

By the 15th of each month, the CSWD Finance Department will send an aged accounts receivables report to the General Manager based on the previous month end summary of outstanding receivables and balances. This report shall include an explanation of any items over 60 days old and to include what process has occurred in collecting or monitoring this account.

60-Day Plus Notifications and Agreements

Should an account fall into the over 60-day delinquent period, the CSWD staff may impose two conditions:

1. Issue the Hauler a notice that all future transactions will need to be on a cash basis going forward until the delinquent account is paid. The Hauler will be given a choice of paying the appropriate fees for each load as it comes to an approved facility or prepaying a week in advance given the anticipated fees due for a week. (see example letter # 1)
2. Issue a Hauler a payment schedule agreement that outlines that the delinquent account must be paid in full within ninety (90) days. A written agreement signed by the customer outlining specific terms and conditions will be placed in effect. Failure to comply with the provisions of this written agreement may constitute default on the part of the customer and CSWD may take appropriate legal action. (see example letter # 2)

General Collection Statement

CSWD will take the following actions regarding accounts receivable:

- take effective collection action on all accounts receivable;
- account for all collections;
- manage the accounts receivable collections properly;
- provide a stricter control over the collection of returned checks from banking institutions or equivalent; and
- use whatever collection method is appropriate and cost effective in each circumstance.

The District reserves all the rights and remedies available to it under applicable law. This policy shall be adopted to guide CSWD in the efficient and effective collection of charges and amounts due CSWD and shall not be interpreted to modify, negate or abrogate any provision of CSWD's Solid Waste Management Ordinance.

Accounts Receivable Write-Off Authorization

All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. If an account receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

<u>Amount</u>	<u>Authorized in writing by</u>
Less than \$100	Finance Director
\$100 or more	Finance Director and Executive Director

After a write-off has been processed, appropriate individuals in the originating department will be advised to ensure that further credit is not granted, and the master list

of bad accounts is updated. Customers listed as poor credit risks will be extended future credit only if they back debt is paid, and the customer is no longer deemed a collection problem.

From time to time, credits against accounts receivable from overpayment or billing adjustments will occur. All available means of redeeming the credit through reduced future payments will be exhausted before write-off procedures are initiated. The following approvals are required before the write-off or refund check is issued:

<u>Amount</u>	<u>Authorized in writing by</u>	<u>Action</u>
Less than \$1	Finance Director	Write-off
\$1-\$99	Finance Director	Authorize refund
\$100 or more	Finance Director & Executive Director	Authorize refund

Reserve for Uncollectible Accounts

CSWD will maintain a reserve for uncollectible accounts receivable. At the end of each fiscal year, the Municipality will evaluate the collectability of receivables and determine an appropriate allowance for uncollectible accounts. The following factors will be used to determine adjustments to the allowance for doubtful accounts:

1. An analysis of outstanding, aged accounts receivable
2. Historical collection and bad debt experience
3. Evaluations of specific accounts based on discussions with the department that originated the revenue resulting in the receivable

Year-end adjustments to the reserve for uncollectible accounts shall be performed only with authorization from the Finance Director. This reserve account is used in the following year to write-off those items that are deemed uncollectible from the prior year after further collection efforts have been abandoned, as described earlier.

Approved by Board of Commissioners on June 27, 2007
Edited June 18, 2020

Implementing Cash Basis Letter (example 1)

July 1, 2007

Any Hauler
99 Main Street
Anytown, VT 05499

Dear Payables Department:

Upon review of our aged accounts receivables, we note that your account is currently over the 60-day threshold allowed by the Chittenden Solid Waste District (CSWD) receivables management policy. According to our records, your account is in arrears as follows:

0-30 days = \$
31-60 days = \$
61-90 days = \$
91+ days = \$
Total due = \$

Please be informed that in accordance with our policy, all new charges due to CSWD incurred from (Insert Date A) forward will require one of the following payment methods:

1. **Option 1** - You must pay immediately at the time of disposal to the vendors licensed to collect CSWD fees, the appropriate fees due to CSWD for all your loads. The payment must be in cash or by a (insert either business or certified bank) check. Or
2. **Option 2** - You can prepay what CSWD estimates to be your weekly fees due to CSWD - (Insert \$ amount) by each Monday by 10:00 AM for all the estimated loads for that week. The payment must be in cash or by (insert either business or certified bank) check. Failure to prepay each week until the account is no longer delinquent will result in CSWD enforcing payment by Option 1.

Please let us know what payment option you will choose by (Insert Date B). If you do not choose an option by this date, then CSWD will default to enforcing **Option 1**. All vendors licensed to collect CSWD fees will be notified by (Insert Date A) that you will need to pay the appropriate fees due to CSWD for each load at the time of disposal.

Please be advised that a condition to holding a valid Hauler's License is that the Licensee is not delinquent in payments owed to the District. This pay-as-you go policy will stay in effect until your account is no longer delinquent.

If you have any questions, please do not hesitate to call me. Thank you for your prompt attention to this matter.

Sincerely yours,
Nola Ricci
Director of Finance

Implementing Repayment Schedule Agreement Letter (example # 2)

July 1, 2007

Any Hauler
99 Main Street
Anytown, VT 05499

Dear Payables Department:

Upon review of our aged accounts receivables, we note that your account is currently over the 60-day threshold allowed by the Chittenden Solid Waste District (CSWD) receivables management policy. According to our records, your account is in arrears as follows:

0-30 days = \$
31-60 days = \$
61-90 days = \$
91+ days = \$
Total due = \$

Please be informed that in accordance with our policy, CSWD insists that your account be brought current within ninety (90) days of *(Insert Date A)*. As such, CSWD proposes the attached payment schedule. You may propose an alternate payment schedule for consideration by CSWD as long as your proposed payment schedule has the account fully paid up by *(Insert Date B)*. We will continue to assess you a monthly finance charge for overdue charges at the rate of 1% per month, until all charges have been fully paid. A payment schedule must be signed by both CSWD and you prior to *(Insert Date A)*.

If you agree to and stay in compliance with a payment schedule, CSWD will defer any enforcement actions available to CSWD. However, failure to comply with the terms of the payment schedule may constitute default on the part of the customer and CSWD may implement enforcement proceedings that could result in a termination of your license in addition to civil fines and penalties.

If you have any questions, please do not hesitate to call me.

Thank you for your prompt attention to this matter.

Sincerely yours,
Nola Ricci
Director of Finance