I. DEFINITION

Accounts Receivable are amounts that are expected to be collected from private persons, businesses, agencies, funds or other governmental units. Receivables are to be recorded when the asset or revenue recognition criteria has been met or the underlying accounting event has occurred and the amount is determinable. The amount collected may be a revenue or a recovery of expenditure.

The following general ledger accounts are currently used by Grays Harbor College to record the different types of accounts receivable and allowances:

A. GL 1312  Current Accounts Receivable
B. GL 1314  Current Loans Receivable
C. GL 1318  Unbilled Receivables
D. GL 1319  Current Other Receivables
E. GL 1342  Allowance for Accounts Receivable
F. GL 1344  Allowance for Loans Receivable
G. GL 1351  Due from Federal Government
H. GL 1352  Due from Other Government
I. GL 1354  Due from State Agencies

II. PROCEDURE

A. RECORDING OF THE RECEIVABLE

Receivables are to be recorded promptly when the asset or revenue recognition criteria has been met or the underlying accounting event has occurred and the amount is determinable.

1. Tuition and Fees

All unpaid tuition and fees are to be recognized as earned after the first day of each quarter. For accounts receivable from other agencies the tuition and fees are recognized after the refund period has ended. Billings will be prepared based on the type of receivable.

2. Returned Checks

All returned checks are to be recognized as debts owed to the college and entered into the accounts receivable ledgers. The Board approved fee will be assessed to each returned check. All students with returned checks will be entered into the SMS System on the “Unusual Action” screen.
3. **Federal Financial Aid Grants**
   Any federal funds outstanding at the end of the fiscal year are generally recorded. This is necessary to balance revenues and expenditures when reporting on the year end disclosure form.

B. **DOCUMENTING THE RECEIVABLES**

Transactions affecting the Receivables are to be supported by documents indicating all of the pertinent information related to the transactions.

Documents supporting the receivable transactions and billings will include one or more of the following: Contract or agreement, purchase order, returned check, written authorization for adjustment or write-off. All telephone confirmations must be documented with the name and the position of the person contacted.

C. **REPORTING**

A “Semi-Annual Receivable Summary Report” is to be filed with the OFM Accounting and Fiscal Services Division. The first report is due in February of each fiscal year and the second report is due as part of phase 2 reporting of the annual financial data during the year end closing process. This report is to summarize all receivables except those due from other governmental units/funds. The summary report is to be in the format indicated in OFM Policies, Regulations and Procedures Section 2.4.4.3.7.

D. **RECEIVABLE PROCESSES**

1. All returned checks will be charged the Board approved collection fee.
2. Billings will be prepared as appropriate based on the contract or agreement. The wording of the contract or agreement will determine the billing cycle (i.e., monthly, quarterly, etc.).
3. All outstanding invoices of over thirty days will be sent a reminder letter.
4. All outstanding invoices of over sixty days will be sent the second notice letter indicating that a collection agency is the next step.
5. All outstanding invoices over ninety days will be turned over to the college collection agency.
6. The Accountant will reconcile the subsidiary ledgers to the general ledgers on a monthly basis.
7. The Accountant will prepare quarterly an estimate of the total uncollectible amount, which will include the entries necessary to adjust the college records.
8. The Accountant will prepare annually a submittal of outstanding accounts receivable that are deemed to be uncollectible and need to be considered for write-off by the Director of Financial Services. The Director of Financial Services shall review the submittal and recommend whether accounts are collectible or uncollectible.