

<b>CITY OF WILDOMAR ADMINISTRATIVE POLICY</b>	<b>Number FIN4</b>
	<b>Date 2/9/11</b>
<b>SUBJECT: NON SUFFICIENT FUNDS CHECKS (NSF CHECK)</b>	<b>Authority City Manager</b>
	<b>Administrator Asst. City Manager/Finance</b>
<p><b>Policy:</b> It is the policy of the City of Wildomar to collect payment for non-sufficient funds from the payee within 30 days of notification from the bank in addition to a NSF fee to ensure proper revenue recognition.</p> <p><u>General Information:</u> The City of Wildomar collects payment for a variety of transactions on a daily basis via cash, check, money order and credit card. Checks are deposited into the City's bank account through a desktop check scanner provided by the bank on a daily basis. If a check that has been deposited to the bank shows as being non-sufficient (bounced), then the bank will notify the City as such. The following procedures must be followed to ensure proper accounting and timely collection of the NSF Check.</p> <p><b>Procedures:</b></p> <p>A. Notification of NSF Check from the bank. B. Payment of NSF Check from the payee. C. Treatment of NSF Check in Bank Reconciliation.</p> <p>A. Notification of NSF Check:</p> <ol style="list-style-type: none"> <li>1. The mail is opened by the Front Office Clerk and notification from the bank is mailed to the City along with a copy of the front and back of the check.</li> <li>2. The Front Office Clerk is responsible for researching the origination of the check and notifying the responsible department (i.e. Planning, Community Services, etc.) staff person that the check is non-sufficient.</li> <li>3. The Front Office Clerk files the notification and copy of the check in the "Returned Checks" file located in the Accounting file cabinet and notifies the Accounting Manager.</li> <li>4. The department staff person is responsible for contacting the payee to request payment of the NSF check in addition to the \$30 NSF fee.</li> </ol> <p>Payment of a NSF check and \$30 NSF fee are acceptable in the form of:</p> <ul style="list-style-type: none"> <li>• Cash</li> <li>• Cashier's Check</li> <li>• Money Order</li> </ul>	

Personal checks and credit card payments are not acceptable.

5. If collection of the NSF Check is not made within 60 days after notification from the bank, the responsible department staff person shall notify the Finance department and the Finance department will proceed with collection services.

B. Payment of NSF Check from the payee:

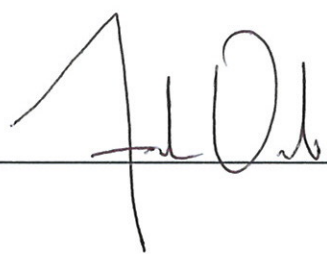
1. When a payment for an NSF Check is received in the mail or at the front counter, the receipt in EDEN is coded to NSF receivable for the original amount according to the fund that the original amount was applied.
  - For example: NSF Check amount is coded to account number: B 100-1092 (NSF Receivable) for a transaction previously coded to fund 100.
2. The NSF Fee of \$30 is always coded to: R 100-3850 (Miscellaneous Income).
3. A copy of the receipt is attached to the NSF notification and check in the "Returned Checks" file.

C. Treatment of NSF Check in Bank Reconciliation:

1. NSF Checks are shown as a Debit on the bank statement as the monies that were previously deposited are no longer sufficient and the bank takes the monies out of the City's account.
2. As part of the bank reconciliation process, a journal entry needs to be made:

DR. NSF Receivable xx  
CR. Cash xx

Approved: \_\_\_\_\_



Date: \_\_\_\_\_

2/14/11