

## **Financial Policy B.3**

### Accounts Receivable Reserve

In order to accurately report accounts receivable, net assets and earnings, Sonoma Clean Power Authority (SCPA) shall estimate the rate of collection of amounts billed to customers by evaluating and monitoring the historical rates of collection of amounts billed to customers. Consideration shall be given to changes in the commercial and residential customer ratio, demographics, or other factors that might influence changes from historical rates.

As changes in historical rates of collection are identified, SCPA shall adjust estimated reserve amounts and record uncollectable amounts to align with the most recent data available. SCPA shall review historical data no less than twice annually, evaluating any changes that may be needed to the estimated reserve amount and recorded uncollectable amounts.