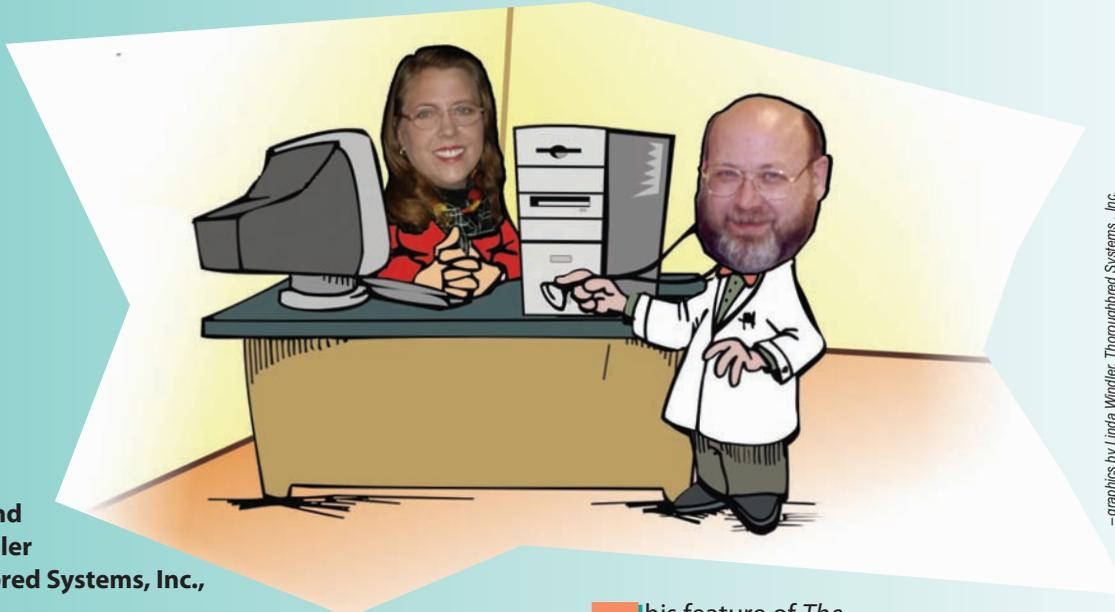


Computer Corner



—graphics by Linda Windler, Thoroughbred Systems, Inc.

by Merle and
Linda Windler
Thoroughbred Systems, Inc.,
Topeka, KS

Dealing with meter deposits

Q. I recently started doing the utility billing in our little town. I'm doing pretty well getting to know my way around the billing software. My biggest problem is dealing with deposits for rentals. Some customers come and go in just a matter of months. The city is supposed to require a deposit for all customers that are held as long as the customer is being billed for services. Unfortunately the council has been very lax about this and enforcement has been hit-and-miss. Deposit records for years long past are nearly non-existent and more recent ones aren't too much better. When a person who owed money to the water system moved out, my predecessor applied their deposit to the money they owed by altering the balance due on the computer. That doesn't seem to me to be the right way to handle it. What would you suggest?

This feature of *The Kansas Lifeline* will address a handful of frequently asked computer questions in each edition. Readers are invited to e-mail questions to krwa@krwa.net to be answered in future articles.

A. First, let's make clear what is meant by the word "deposit". When a new water customer moves into a property he/she may be required to pay a fee that may be referred to as a connect or reconnect fee while other cities and water districts may require a deposit instead. The difference is that the fee is money the city or water district keeps while the deposit is money that is merely held in the customer's name in anticipation of the customer possibly defaulting on a debt at some later date.

Many systems prefer to go with a fee instead of a deposit since that eliminates the need to look after money that belongs to the customer and the bother

of tracking and paying the customer interest on their deposit. Customer's deposit money should always be kept in a separate account from the water district's or city's funds. Some cities and districts return the money to the customer after the customer demonstrates dependability in paying bills over a period of time. Others return a portion of the deposit; some cities and RWDS only return the deposit when the customer leaves. The clerk must have a set method of applying money that has been held as insurance against debt if customers fail to pay or to pay off a final bill at the request of the customer.

To begin with, we suggest you bring the question up to your billing software provider. Different programs work in different ways, so it is difficult to give a specific answer to your query. However, your instinct about the method your city has been using being problematic is correct. There are better ways.

In most software programs directly changing the balance due field is not even possible because that figure is a sum of its parts. The balance due encompasses any money owed carried over from the previous cycle and any current charges like water, sewer, trash, late charge, etc., minus any payments received. When you say they were changing the balance due perhaps you are referring to the beginning balance, i.e. the unpaid debt carried over to the new month. The former clerk might also have been editing a current charge like water, sewer or trash, reducing the figure by the amount of the deposit applied to the debt. Neither of these actions is a good idea, as they do not provide a clear picture of what has taken place and would also likely raise an auditor's eyebrows.

Some systems have a field entry that can be named 'Deposit Return', or 'Deposit Applied', or just 'Other' or 'Miscellaneous' or something like that in which the amount applied is handled like a charge in a negative amount creating a credit to offset the money owed. This is certainly better than the techniques mentioned previously.

Some systems will apply the deposit as a payment. The problem with this approach is in reconciling with the bank deposit for that day or for that matter, that month. There is however, an excellent

way to apply the deposit as a payment without causing any bookkeeping discrepancy.

As mentioned earlier, customer deposits should be held in a separate account. The city or district can actually cut a check from the account holding the customer's deposits to be paid to the city utilities department in the amount that is to be applied to the debt. If there is any money left over from that customer's deposit another check can be provided to the customer. The check for the utilities can be posted to the customer's account just like any other check would be. This method takes a little extra effort but it makes for a clear paper trail both in reality and virtual reality.

By the way, an idea that is working pretty well for a water system with your same problem (having many quick turnaround rentals) is to use deposits for homeowners but to require a startup fee, not a deposit, for rentals. That way the clerk doesn't feel as though she is spending all of her time tracking and applying deposits. Instead, the district keeps the fee.

