

Policy & Procedures for Writing off Bad Debt

Policy Statement:

It is the policy of the City of Keiser to establish clear guidelines and procedures for the identification and write-off of bad debts in compliance with applicable laws and regulations. Bad debts shall be written off only after careful review and approval in accordance with this policy to maintain the financial integrity of the city's accounts.

1. Water Service Disconnection:

Water service disconnection procedures shall be followed as per the current established guidelines for customers with outstanding debts. Delinquent accounts shall be subject to disconnection based on these procedures.

2. Monthly Review of Aged Account Report:

Aged Account Reports shall be reviewed monthly by the designated finance department personnel to identify potential bad debt accounts. The Aged Account Report will categorize accounts based on their aging status.

3. Identification of Bad Debt:

Any customer account that remains delinquent for a period of 120 days or more, as identified in the Aged Account Report, shall be flagged as bad debt.

4. Inclusion in Bad Debt List:

Once an account is flagged as bad debt, the customer's information shall be included in the Bad Debt List. It is the responsibility of the finance department to ensure that this list is checked whenever a customer applies for a new account with the city to prevent them from incurring additional debt.

5. Mayor's Approval for Write-off:

The Mayor is authorized to approve the write-off of bad debt, up to a maximum of \$200 per customer, from the city's books. The Mayor may exercise this authority after careful consideration of the financial implications and the customer's history.

6. Reporting to City Council:

The Mayor shall provide a detailed report at the next regular council meeting, documenting the amount of bad debt that was written off, along with a list of affected customer accounts. The City Council shall review the report and, if deemed appropriate, approve the write-off. Any approvals and actions taken by the City Council regarding bad debt write-offs shall be duly documented in the meeting minutes.

7. Documentation and Record Keeping:

All decisions related to bad debt write-offs, including supporting documentation, approvals, and communications, shall be maintained in an organized and secure manner by the finance department. These records shall be available for auditing purposes and for transparency.

8. Compliance with Legal Requirements:

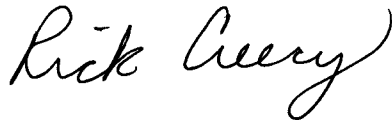
All bad debt write-off actions shall be carried out in accordance with relevant federal, state, and local laws and regulations governing debt collection and municipal finances.

9. Review and Revision:

This policy and associated procedures shall be reviewed periodically to ensure they remain current and effective. Any necessary revisions or updates shall be made in consultation with the relevant stakeholders.

This policy and its procedures are intended to ensure that bad debt is managed in a responsible and transparent manner, safeguarding the city's financial interests while adhering to legal requirements and ethical considerations.

Approved by:

A handwritten signature in black ink that reads "Rick Creecy". The signature is written in a cursive, flowing style.

Rick Creecy, Mayor

Date: 12/15/2023