



Inactive Utility Account Balance Policy

Section 1: Purpose

The purpose of this policy is to establish guidelines with regard to the write-off of uncollectible inactive utility account balances receivable and to define responsibilities for the proper recording and reporting of such transactions.

Section 2: Definitions (as used in this policy)

- General Ledger – the Chart of Accounts utilized to record the Village’s assets and liabilities.
- Inactive Utility Account – account status after a final/pro-rated bill is issued.
- Journal Entry – the physical document prepared to record the write-off transaction into the general ledger.
- Write-off – the elimination of an item (debit/credit) from a utility account that is deemed unrecoverable.

Section 3: Review and Reporting Requirements

On an annual basis, inactive utility accounts with outstanding balances will be reviewed for determination of accounts eligible for write-off by the appropriate department head. A detailed report shall be presented to the Village Board annually upon completion of the review and write-off process providing the account numbers of each inactive account and their respective balances receivable which were written off.

Section 4: Appropriate Criteria for Write-off

The following criteria are the guidelines to deem which accounts are appropriate for write-off, provided that these accounts have been researched, documented as outlined in section 5, and reconciled:

- Utility account must be an inactive account as defined above.
- Inactive utility account must be ineligible for collection via the tax roll process for current or following tax year.
- Outstanding balance receivable must be under \$20.00 for water and sewer charges combined.

Section 5: Documentation Requirements

All inactive accounts deemed to be written off must be fully documented and the documentation retained for delivery the village auditor for year-end audit fieldwork. The documentation must include:

- Account Information report which supports the total amount to be considered for write-off and must evidence authorization criteria as described in section 4.
- All supporting documentation must be attached to the Journal Entry of the authorized write-off.
- Records of inactive utility account balances written off must be maintained in accordance with State record retention rules.

As approved by the Village of Belgium Board of Trustees on June 8, 2015