

COUNCIL POLICY STATEMENT

Policy No. 50
General Subject: Finance
Specific Subject: Revenue Collection and Write-off Policy
Date Approved: March 2, 2015

PURPOSE

To establish guidelines for the processes of revenue collection and for the write-off of uncollectable amounts.

RATIONALE

The City is involved in numerous transactions which result in revenue being collected by the City. It is essential that the City make every effort possible to collect all amounts that it is owed. However, over the normal course of business, certain amounts due to the City are deemed to be uncollectable (bad debts). Having a policy for handling these uncollectable amounts will provide the City Council and senior staff with more accurate financial data. Adherence to an appropriate policy will also help the City improve its collection abilities and overall financial position.

POLICY STATEMENT

1. The City is statutorily required to follow certain collection procedures before outstanding debts are eligible to be sent to a collection agency or to the State of Illinois Local Debt Recovery Program.
2. To ensure that the City fulfills its duty to collect all of the amounts that it is owed, the City will adhere to the steps as outlined in the Finance Department Revenue Collection and Write-off Procedure.
3. As noted in the Finance Department Revenue Collection and Write-off Procedure, on an annual basis eligible amounts that have been sent to collections for a period of up to 24 months and have still not been collected upon will be identified as uncollectable. Amounts that have been identified as uncollectable will be sent to the Illinois Local Debt Recovery Program.
4. Effective January 1, 2012, Public Act 97-0632 established the “Local Debt Recovery Program” to allow units of local government to collect outstanding debt in coordination with the Illinois Comptroller’s Office. The City will utilize the Illinois Local Debt Recovery Program as a final debt collection method.
5. As uncollectable amounts are identified, the City will update its financial records accordingly. The City will follow the allowance method for recognizing bad debts. This method includes regularly assessing uncollectable amounts and correspondingly adjusting accounts receivable, the allowance for doubtful accounts, bad debt expense, and the recovery of bad debts.