Town of Nags Head

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Board of Commissioners Policy

Water Receivables: Bad Debt Policy

Adoption Date: March 7, 1988
Updated: June 4, 2003

Updated: May 19, 2010

Water accounts that are past due 90 days or more are considered delinquent. Water accounts that are past due at 120 days are classified as uncollectible. At that time the meter is pulled and deposit applied unless a written request from the customer is received prior to that.

In the case of foreclosure the account may remain active if notified by the financial institution holding the property that they will assume responsibility for the account making current payment of the required deposit and all charges for water used. If no one assumes responsibility for the account the meter may be pulled and deposit applied without waiting the full 120 day period above.

At the time an account becomes uncollectible (reaches 120 days), a credit adjustment to the Water Receivables account should be made for the full amount of the past-due account, charging, or debiting a reserve account entitled Allowance for Bad Debt. This adjustment will ensure a more accurate, less inflated accounts receivable total. Amounts greater than $50 require the approval of the board of Commissioners.

At least annually, the Finance Officer will present the Board of Commissioners with a list of uncollectible accounts in excess of $50, requesting the Board's approval for a formal write-off of such accounts. Staff will have the authority to write-off lesser amounts without Board approval which will be reported to the Board at that same time Staff will report to the Board summarizing total write-offs during a fiscal year and commenting on efforts to collect these accounts. The Town will use all available means to collect these accounts to include but not be limited to: reporting to the Credit Bureau, debt set-off, etc…

Responsible for Update: Finance Officer