
 ADMINISTRATIVE ORDER	Approved By:	No. #21
	 City Manager	Effective Date: 06/19/09 Revised: 06/27/2022
Subject: General Billing / Accounts Receivable Collections		

INTRODUCTION

This Administrative Order establishes the City of Highland Park’s policy and procedures for handling debts owed to the City for goods and services provided.

PURPOSE

The policy and procedures are for handling debts owed to the City; standard, although decentralized invoicing; and guidelines for the periodic review of outstanding debts, criteria for determining an uncollectible debt, and levels of authority for approving the write-off of uncollectible debt.

DEFINITIONS

1. “Aging Report” means a schedule of outstanding General Billing invoices categorized by the length of time the receivable is past due.
2. “Collection Agency” means a third party agency used by the City to assist in the collection of a debt owed.
3. “Eden” means The City of Highland Park's former General Billing module system that included Accounts Receivable invoicing prior to 2021.
4. “General Billing Account Receivable” means all debts owed to the City of Highland Park for goods or services invoiced in the Munis General Billing system.
5. “Munis” means The City of Highland Park's current General Billing module system that includes Accounts Receivable invoiced 2021 and after.
6. “Settlement” means an agreement between the debtor and City of Highland Park to accept less than the original consideration plus collection fees, if applicable, for the goods or services provided.
7. “Write-off” means the process of removing a receivable from the City’s assets.

POLICY

The City expects timely collection of receivables and periodic review of outstanding accounts to identify uncollectible receivables. The Finance Department (Finance) will forward outstanding receivables over 90 days past due to a collection agency unless otherwise instructed in writing by the originating department.

COLLECTION PROCEDURE

The City invoices for goods and services through Munis, with the exception of transactions invoiced by an outside contractor (i.e. ambulance billing) and transactions which are not yet implemented in Munis, as of the writing of this policy, which are invoiced through Eden (i.e., Utility Billing, Permitting, Licensing).

Finance will distribute a general billing aging report of outstanding invoices, including receivables over 90 days past due, at the end of each quarter to originating departments for their review. The originating department is responsible for debt collection and/or write-off recommendation, as provided by the City policy, in the event the originating department directs that an account not go to collections. Approval of recommendation to write-off any debt will be based on specific approval thresholds.

The department must give Finance a written explanation regarding why the receivable should remain on the General Ledger as well as evidence of the department's collection or settlement efforts, if the receivable is still collectible but the department does not wish for the account to go to collections. The originating department is responsible for debt collection and/or write-off recommendation, as provided by the City policy, in the event the originating department directs that an account not go to collections.

BANKRUPTCY

The City receives notification of Chapter 7 and 11 bankruptcy-filing notices. The Deputy Finance Director retains bankruptcy files consistent with Illinois record retention law. Staff should consult with the Deputy Finance Director and Corporation Counsel before attempting to collect a debt owed by, or enforcing a City ordinance against, a debtor that has filed for bankruptcy. The Deputy Finance Director will research debts owed to the City by the party named in the bankruptcy and file the appropriate paperwork with the bankruptcy attorney. Chapter 7 bankruptcies may require the write-off of debt and the Deputy Finance Director will process them. Finance will notify originating departments of debt related to the bankruptcy.

WRITE-OFF POLICY

Debt write-off approval is by individual invoice value as follows:

- Invoices less than \$500 – Department Director
- Invoices of \$500 to \$999.99 – Finance Director
- Invoices of \$1,000 to \$4,999.99 – City Manager
- Invoices greater than or equal to \$5,000 – City Council

Debt write-off request is appropriate when the debt meets one of more of the following criteria:

- The debt cannot be proved or sustained by evidence,
- The debtor cannot be located,
- It is not economical for the City to pursue collection of the debt,
- The City's collection agency advises write off of the debt,
- The debtor has declared Chapter 7 Bankruptcy,
- Court Judgements preclude collection efforts or eliminate the debt,
- City Council recommends settlement or waiver of fees or debt, and/or
- Judgment by the administrative hearing officer.

The following criteria may result in denial of a debt write-off request. Finance will communicate the denial to the department. The department is responsible for pursuing debt collection or taking corrective action for resubmitting a denial request. The department should consult with Corporation Counsel to determine the City's lien rights, if any, against the debt in question, prior to write off.

- Sufficient collection efforts have not been made or demonstrated
- Possibility of a Lien exists
- Lack of documentation or substantiation

WRITE OFF PROCEDURE

The Department Director submits an Accounts Receivable Write-Off Request form and memorandum to the Deputy Finance Director for approval. The memorandum should indicate the invoices to be written off, the revenue account numbers to be impacted, the dollar amount of each account, the aggregate amount to be written off, evidence and explanation of the collection efforts that have been made to collect the debt, and the reason for the debt write-off request.

The Deputy Finance Director will review write-off requests for accuracy, documentation completeness, and collection effort completeness. The Deputy Finance Director will forward the request to the Finance Director for review and approval if the invoice is greater than or equal to \$500.

The Finance Director will review the request and supporting documentation and approve or deny the request and return the request to the Deputy Finance Director or forward the request to the City Manager for approval if the invoice is greater than or equal to \$1,000.

The City Manager may approve or deny the requests and return it to the Deputy Finance Director for further action. If approved and City Council action is not required, the Deputy Finance Director will write-off the account and notify the department of the approval and action. If City Council action is required, the Deputy Finance Director will return the approved request to the department for preparation of a request for council action. Template Request for Council Action and Resolution is located at HPshare\Dept_fin\Collections.

The City Council will approve or deny the request by resolution. The Deputy Finance Director will remove the asset from the General Ledger if approved, and maintain a file of all requests. The Deputy Finance Director will communicate with the third party collection agency any required action subsequent to approval at the appropriate level. The department is responsible for pursuing debt collection and/or taking corrective action to re-submit the write-off request, for request denials.

INTERPRETATION

Submit questions concerning Administrative Order provision meaning or applicability in writing to the City Manager's Office (CMO). The CMO will provide written interpretations to departments, which will serve as a supplement to this Order.

Request for Council Action



Referred to Council:

Subject: Write-Off of Uncollectible Accounts Receivable

Staff Contact:

Department:

TITLE: A Resolution Authorizing the Write-Off of Uncollectible Accounts Receivable in the Amount of \$.

Recommendation:

Staff recommends the City Council adopt the proposed resolution authorizing the write-off of uncollectible accounts receivable in the amount of \$,###.##.

Background:

The City's Collections and Write-off Policy outlines the policy and procedures for the collection and write-off of an accounts receivable invoice. The policy defines an account may be deemed uncollectible and recommended for write-off if it meets certain criteria, such as the debtor cannot be located, declaration of bankruptcy by the debtor, or a recommendation by the City's collection agency. Departments may submit a write-off request. Debt write-off approval is by individual invoice value as follows:

- Invoices less than \$500 – Department Director
- Invoices of \$500 to \$999.99 – Finance Director
- Invoices of \$1,000 to \$4,999.99 – City Manager
- Invoices greater than or equal to \$5,000 – City Council

<<Description of Debt and collection efforts>>

<<Criteria for basis of write-off>>

Financial Impact:

The write-off will reduce current year revenue in account #####.##### by \$,###.##.

Documents Attached:



CITY OF HIGHLAND PARK

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING THE WRITE-OFF OF UNCOLLECTIBLE
ACCOUNTS RECEIVABLE IN THE AMOUNT OF \$,,\$\$.cc**

WHEREAS, the City has made diligent efforts to collect on delinquent, uncollectible accounts; and

WHEREAS, the write-off of uncollectible accounts is necessary to accurately reflect the City's assets and financial position; and

WHEREAS, it is fiscally responsible to write-off uncollectible accounts.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
HIGHLAND PARK, LAKE COUNTY, ILLINOIS**, as follows:

SECTION ONE: AUTHORIZATION OF WRITE-OFF. The City Council authorizes the write-off of the accounts as listed in EXHIBIT A.

SECTION TWO: EFFECTIVE DATE. This Resolution shall be in full force and effect upon its passage and approval by a majority of the members of the City Council.

AYES:

NAYS:

ABSENT:

PASSED:

APPROVED:

RESOLUTION NO.

Nancy R. Rotering, Mayor

ATTEST:

Ghida S. Neukirch, City Manager