



POLICY NO. 008 – ACCOUNTS RECEIVABLE RESERVE POLICY

Policy to Estimate and Record Reserve for Uncollectible Accounts

In order to accurately report accounts receivable, net assets and earnings, management will estimate the rate of collection of amounts billed to customers by evaluating and monitoring historical rates of collection of amount billed to customers. Consideration shall be given to changes in the mix of customers (commercial or residential), demographics, or other factors that might influence changes from historical rates.

As changes in historical rates of collection are identified, management will adjust the estimated reserve amount and record uncollectable amounts to align most recent data. Staff will review historical data no less than twice annually and evaluate any changes that may be needed to the estimated reserve amount and recorded uncollectable amounts.