

ORDINANCE NO 2015-5

An Ordinance Establishing a Bad Debt Write-Off Policy.

WHEREAS, The Town of Cloverdale wishes to establish a Bad Debt and write-off Policy

WHEREAS, Writing off bad debts is a non-routine function of the Cloverdale Utilities. It is only after all avenues to collect the debt have been utilized and exhausted will the bad debt be considered as uncollectible.

NOW THEREFORE, BE IT ORDAINED by the Town council of the Town of Cloverdale, Indiana, that:

Accounts in Arrears:

- Accounts are considered in arrears if not paid by the due date
- Accounts 30 days past due
  - The Town shut-off policy applies
- Accounts 60 days past due:
  - A Lien will be filed on the property
- Accounts 120 day past due
  - Accounts with amounts due that have not had a lien filed, such as when a property has exchanged hands, will be evaluated for small claim

Factors for consideration of Write-Off

- Debt has been inactive 3 or more years and the avenues listed above have been exhausted to collect the outstanding debt, and the debt is currently deemed uncollectable OR
- The customer has passed away OR
- For other reason the Town Council deems just and fitting to warrant a write-off

At least annually the town's Clerk Treasurer shall present a list of uncollectible accounts to the Town council for consideration of a write-off. Upon approval the Clerk-Treasurer shall then make adjustments to customer accounts

This Ordinance shall be in full force and effect this 12 day of MAY, 2015

Town Council of the Town of Cloverdale, Ind.

By: Counta Patton  
President

Attest Cheryl Galloway  
Cheryl Galloway Clerk Treasurer

prepare by Cheryl Galloway

### Audit Costs

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit.

Any outside audit costs paid, not authorized by statute, may be considered a duplication of service and an unnecessary expense. These payments may be the personal obligation of the responsible official or employee.

### Bad Debts and Uncollectible Accounts

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible.

### Break-Ins, Burglaries or Other Crimes

Break-ins, burglaries, or other crimes committed against the governmental unit should be documented by the filing of an official police report. Insurance companies should be contacted to request payment for any allowable coverage.

### Budgeted Line Items

Disbursements should be paid from properly authorized line items.

### Capital Assets

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records.

### Cash Disbursements

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule.

### Collection of Amounts Due

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute.