

# Warren County Board of Supervisors

## RESOLUTION NO. 240 OF 2019

**RESOLUTION INTRODUCED BY SUPERVISORS SOKOL, SIMPSON, MERLINO, DICKINSON, STROUGH, BEATY, FRASIER, McDEVITT, GERAGHTY, BRAYMER AND HYDE**

### **APPROVING THE WARREN COUNTY BAD DEBT POLICY**

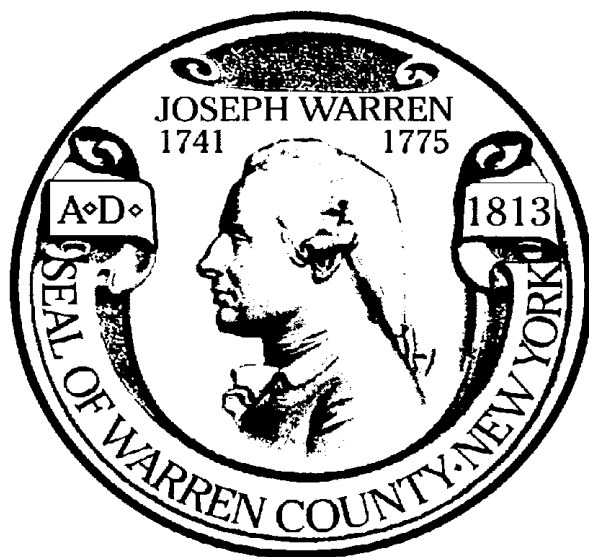
WHEREAS, the County does not have a formal policy on the collection or write off of debts owed to the County, and

WHEREAS, the lack of a policy has required certain inefficient formal action by the Board of Supervisors, and

WHEREAS, the County Administrator has developed a formal policy that dictates the process for debt collection and write-offs of bad debt, and

WHEREAS, said policy mandates quarterly reports prepared for the Finance Committee by the County Treasurer detailing all debts written off during the year, now, therefore, be it

RESOLVED, that the Warren County Board of Supervisors hereby approves the Warren County Bad Debt Policy as attached hereto to be effective May 17, 2019.



## **WARREN COUNTY**

## **BAD DEBT POLICY**

Adopted by Resolution # 240 of 2019

## **WARREN COUNTY BAD DEBT POLICY**

### **BACKGROUND AND PURPOSE:**

In the course of managing its financial resources, Warren County must ensure that the most effective revenue collection procedures are in place and that income generated is properly accounted for in our financial records.

Revenue due to the County but not yet received is recorded on a modified accrual basis in accordance with Generally Accepted Accounting Principles (GAAP).

Customers and other entities do not always pay the County promptly for services they have used or other debts they may owe. If despite the County's best efforts to collect outstanding income that revenue is deemed to be irrecoverable, it is referred to as a bad debt. With the approval of the Board of Supervisors, bad debt may be written off and the County's financial records appropriately modified. Treating income as a bad debt should be the final stage of the County's debt collection process.

This policy is intended to adhere to the principles above and guide County officials in collecting and/or writing off debt

### **DEFINITIONS:**

"Debtor" – a person or entity that owes money to the County.

"Bad debt" – an outstanding sum of money owed to the County which has not been paid despite repeated efforts to collect the debt. Bad debts are those sums of money that have either been deemed irrecoverable or that are not uneconomically prudent to further pursue.

"Write-off" – a procedure used in accounting in which a debt is determined to be uncollectable and is therefore considered to be a loss.

### **POLICY:**

In the first instance, Warren County will utilize all ordinary and appropriate methods to collect revenue owed to the County, including entering into payment plans where legally permissible and prudent.

A First Notice letter will be sent to the debtor by the County Treasurer's Office when the debt is outstanding for **30 or more days**. The Treasurer's Office will copy the department to which the debt is owed. A follow-up phone call will be placed by the appropriate departmental staff member to the debtor to attempt to work out payment arrangements.

A Final Notice letter will be sent to the debtor by the County Treasurer's Office when the debt is outstanding for **60 or more days**. The Treasurer's Office will copy the department to which the debt is owed. Another follow-up phone call will be placed by the appropriate departmental staff member to the debtor to attempt to work out payment arrangements.

**RESOLUTION No. 240 OF 2019**

**PAGE 4 OF 4**

A letter from the County Attorney will be sent to the debtor when the debt is outstanding for **70 or more days**. The account will also be referred to the appropriate County Attorney staff member for follow-up.

If a debt is outstanding for **90 or more days**:

**·If under \$500**, the debt may be declared bad debt upon the approval of the County Treasurer, the County Attorney and the County Administrator.

**·If greater than \$499 and less than \$5,000**, the debt may be declared bad debt upon the approval of the Finance Committee. The criteria used by the Finance Committee in making that determination may include, but is not limited to, whether it is economical to utilize a collection agency or pursue litigation against the debtor.

**If \$5,000 or higher**, the debt will be referred to a collection agency or litigation will be pursued unless the County Treasurer and County Attorney deem such measures to be imprudent. The debt may be declared bad debt upon approval of the Board of Supervisors.

From time to time, Federal and State Aid claims are paid late. The Treasurer's Office will review these outstanding claims annually with the relevant departments. Departmental staff are then responsible for following up with the appropriate Federal or State agency. If the department and the Treasurer's Office determine that the revenue is irrecoverable, the debt may be written off only upon approval of the Board of Supervisors, regardless of the dollar amount of the debt.

All debts declared bad debts in accordance with this policy shall be written off by the appropriate County staff.

County staff may reinstate debts and attempt to collect them, utilizing the process outlined above, if new information becomes available.

A quarterly report will be prepared for the Finance Committee by the County Treasurer detailing all debts written off during the year by agreement of the County Treasurer, the County Attorney and the County Administrator.