

**AN ORDINANCE ESTABLISHING
POLICY AND PROCEDURE FOR DECLARING
BAD DEBT UNCOLLECTIBLE**

Ordinance No. 2 of 2019

WHEREAS, the Town Council of the Town of Francesville, Indiana (the “**Town Council**”), is responsible for the performance of various functions for the Town of Francesville (the “**Town**”), which includes providing water, sewer/wastewater, and other municipal services to Town residents (collectively, the “**Services**”); and

WHEREAS, the Town is also responsible for the collection of certain fees associated with providing the Services to Town residents; and

WHEREAS, the Indiana State Board of Accounts has declared that the governing unit of each unit of government should have a written policy concerning the procedure by which the unit may declare certain bad debts uncollectible, and write-off the bad debt in question; and

WHEREAS, proper documentation should also exist with regard to all collection efforts taken as to each customer, so as to avoid having any official or employee being held personally responsible for directing or executing write-offs or adjustments to records which are not documented or warranted.

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Francesville, Indiana, that this Ordinance Establishing Policy and Procedure for Declaring Bad Debt Uncollectible, is hereby adopted as follows:

SECTION I.

Reporting and Proper
Procedure

1. For purposes of this Ordinance, debt is deemed “uncollectible,” if it meets any of the following criteria:

- (A) The debtor cannot be located, and the debtor does not have any readily ascertainable assets that can be located.
- (B) The debtor has no assets, and there is no reasonable expectation they will have any in the future.
- (C) The debt is disputed, and the Office of the Town Clerk-Treasurer has insufficient documentation to pursue collection efforts.
- (D) The debt is discharged in Bankruptcy.
- (E) The debtor has died and there is no estate or guarantor.

(F) It is determined that it is not cost effective to continue collection efforts.

2. **Mandatory Reporting.** All debt deemed uncollectible shall be reported to the Town Council of the Town of Francesville, Indiana (the "**Town Council**") on a quarterly basis. Upon determination that the Town has employed and exhausted all reasonable means to obtain payment, a resolution declaring the debts uncollectible shall be presented to the Town Council for their consideration.

3. **Guidelines and Threshold Considerations.**

- (A) For accounts less than Forty Dollars (\$40.00), the account will be written off, upon proper approval by the Town Council.
- (B) For accounts Forty Dollars (\$40.00) or more, the account will be reviewed by the Office of the Town Clerk-Treasurer that proper collection procedures were followed and documented. Upon proper approval by the Town Council, these accounts may then be written off as bad debt.
- (C) Any accounts that have been written off, due to being deemed uncollectible, shall be flagged by the Office of the Town Clerk-Treasurer, and any future transactions by the same account holder will be denied until the uncollectible balance is paid, in full. Provided, however, that this mandate shall not apply to any debt that is fully discharged in bankruptcy, or if the account was disputed and the Office has insufficient documentation to pursue collection efforts.

SECTION II.

Effective Date

This Ordinance shall become effective thirty (30) days after notice of the adoption shall have been published in a paper as described in Indiana Code § 5-3-1-4.

PASSED AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF FRANCESVILLE INDIANA, THIS 18th DAY OF FEBRUARY, 2019.

THE FRANCESVILLE, INDIANA, TOWN COUNCIL


APPROVED:

OPPOSED:



Lynn Johns, President

Lynn Johns, President



Sydney Disinger, Council Member

Sydney Disinger, Council Member


Pamela Antrim, Council Member

Pamela Antrim, Council Member

ATTEST:


Cathy Elston, Clerk-Treasurer