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**PURPOSE:**

This procedure governs the write-off of uncollectible accounts receivable owed to the County of Yadkin. This procedure's purpose is to establish consistent guidelines for determining delinquent accounts receivable which should be considered as uncollectible debts, to provide a fair representation of accounts receivable in the County of Yadkin's financial statements, and to ensure it is consistently followed to avoid claims of discrimination and equal protection violations.

**PROCEDURE:**

This procedure applies to all accounts receivable of County of Yadkin excluding property taxes, special assessments and intergovernmental receivables such as water and sewer. Write-offs of property taxes and special assessments are governed by state statute G.S. 1-56, which states a 10 year limitation.

The County of Yadkin procedure and criteria to write-off uncollectible accounts receivable are as follows:

- (1) Finance is responsible for ensuring that all requests for the write-off of uncollectible accounts receivable are compliant with this procedure. Documentation will be maintained by Finance and will be readily available for audit.
- (2) Intergovernmental accounts receivable, which consist of funds due to the County from the State or other local governments, cannot be written off without the approval by the County of Yadkin Board of Commissioners. If a Department (or Finance) is unable to collect a receivable from another governmental agency, write-off will be jointly determined by the County Manager and Assistant County Manager/Finance Officer.
- (3) **Debt Set-Off.** Finance recommends that uncollectible accounts receivable be written off County of Yadkin's financial accounting records when all collection procedures allowed by law have been conducted without results –~~or~~– Finance deems an account receivable to be uncollectible when one or more of the following circumstances exists upon a ten (10) year limitation (G.S. 1-56):
  - **Discharged Bankruptcy.** An account that has been discharged through bankruptcy court.
  - **Deceased.** Debtor is deceased with no estate.
  - **Court Refuses Judgment.** The debt cannot be substantiated in court.
  - **Outlawed.** The statute of limitations has expired without payment or promise of payment since the last transaction.
  - **Amount Doesn't Warrant Further Collection Action.** The debtor fails to respond to demand for payment and further collection action would not be cost effective.

The County of Yadkin uses the Debt Set-Off Program provided through the NCACC (North Carolina Association of County Commissioners) to collect on past due accounts. Accounts receivable due from individuals of at least fifty dollars (\$50.00) collectively, will be submitted to the North Carolina Debt Set-Off proceedings at least once prior to write off. Pursuant to G.S. 105A-5(b), "a local agency must send written notice to a debtor

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that the agency intends to submit the debt owed by the debtor for collection by setoff. The notice must explain the basis for the agency's claim to the debt, that the agency intends to apply the debtor's refund against the debt, and that a collection assistance fee of fifteen dollars (\$15.00) will be added to the debt if it is submitted for setoff." After an accounts receivable (or account) has been written off, continued collection efforts shall supplement G.S. 105A Set-off Debt Collection. Collection efforts will be performed for a period equivalent to the statute of limitations.

Uncollectible accounts receivable will be written off the County of Yadkin's financial accounting records after a ten (10) year limitation (G.S. 1-56) of attempts to collect the debt and no longer be recognized as collectible for financial reporting purposes, but the legal obligation to pay the debt will still remain. Accounts receivable which is written off will remain debts due to the County until the debt has been collected. Departments are to notify Finance if a customer returns for County services after an account receivable has been written off and requests services. Upon notification from the Department Director, Finance will reactivate the amount that was previously written-off.

- (4) The County of Yadkin Fee Schedule is approved by the Board of Commissioners each fiscal year with the Budget Ordinance. Some fees are set by State Statute and others are set and approved by the Board of Commissioners.
- (5) The County of Yadkin uses LexisNexis which operates ACCURINT to search for individuals that cannot be located for collection. This service certifies that the County of Yadkin has the permissible use under the Gramm-Leach Bliley Act (15 U.S.C. 6801 et seq.) GLBA to use and/or obtain such information and certifies the County will only use such information obtained from LexisNexis Services for such purpose. This service is currently used by the County of Yadkin's Tax Department. Others may be added with the approval of the County Manager.

The agreement between the County of Yadkin and LexisNexis states that to be permitted to access GLBA data the County must:

- (a) Be in compliance with federal, state or local laws, rules and other applicable legal requirements;
  - (b) Be used by a governmental agency but only in carrying out its functions; and
  - (c) Authorized users for Social Security numbers must be federal, state or local governmental agencies with law enforcement responsibilities.
- (6) Below is a listing of all fees (regulatory and non-regulatory) collected by the County of Yadkin, with the exception of property taxes, that will fall into a three (3) year limitation (Attachment 3 G.S.1-52) and are included in the County's Fee Schedule:

**Regulatory Fees consist of:**

- a) Register of Deeds (G.S.80-7)
- b) Elections Filing Fees (G.S.163-324)
- c) Sheriff (G.S. 7A-311)
- d) Fire Inspection (G.S. 153A-352)
- e) Social Services (G.S. 108A-88,90,93; 50-13.9, 13.10)

- f) Health & Environmental (G.S. 130A)
- g) Jail (G.S. 162-39)
- h) Code Enforcement (G.S. 153A-351,352)
- i) Emergency Management (G.S. 143-507, G.S. 153A-250)
- j) Solid Waste (G.S. 113A)
- k) Taxes—other than property (garnishments, license fees, G.S. 105B-3, G.S. 105-33))

**Non-Regulatory Fees consist of:**

- a) County Wide
- b) Water and Sewer
- c) Health
- d) Parks & Recreation
- e) Cooperative Extension
- f) Soil & Water Conservation District

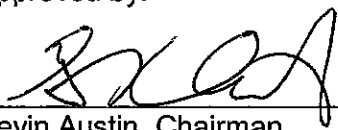
**DEPARTMENTAL PROCEDURES:**

It is the responsibility of each County Department to initially determine the collectability of a delinquent accounts receivable and recommend it for write off. As often as is prudent, but at least annually at fiscal year-end, each Department shall send recommendations to the Assistant County Manager/Finance Officer of which accounts receivable have been determined as uncollectible once they meet the three (3) year limitation criteria for regulatory fees. The recommendation shall be supported by an aged accounts receivable report.

The Assistant County Manager/Finance Officer or designee shall then review the information and send a formal written request to the County of Yadkin Board of Commissioners requesting the write-off of uncollectible accounts for those departments. For those departments who have their own Board of Directors, the write-off of uncollectible accounts must be presented by the department to their individual board for approval first, and then presented to the County of Yadkin Board of Commissioners for final approval.

With the approval of the County of Yadkin Board of Commissioners and the Assistant County Manager/Finance Officer, the Finance staff will make the necessary adjusting journal entries to write off the uncollectible balance.

Approved by:

  
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Kevin Austin, Chairman  
Board of Commissioners

11-5-12  
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Date