APPROVING AN AMENDMENT TO COUNCIL POLICY 700-3, UNCOLLECTIBLE ACCOUNTS, THAT PROVIDES GUIDELINES TO ALL CITY DEPARTMENTS AS TO THE CRITERIA AND PROcedures IN DETERMINING AN ACCOUNT UNCOLLECTIBLE

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That City Council Policy No. 700-3, UNCOLLECTIBLE ACCOUNTS is hereby amended to allow the City staff more leverage with efforts to diligently pursue and properly bill, record and collect, all monies due the City; and under certain circumstances when money due the City may be written off as uncollectible.

2. A copy of the revised City Council Policy No. 700-3 is attached as Exhibit A and incorporated by this reference.

3. The City Manager is authorized to take the appropriate actions to carry out the intent of this Resolution.

PASSED, APPROVED and ADOPTED ________________ JUN - 2 2009 ________________.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton
CITY OF STOCKTON, CALIFORNIA
CITY COUNCIL POLICY

Subject: UNCOLLECTIBLE ACCOUNTS

<table>
<thead>
<tr>
<th>Policy No. 700-3</th>
<th>Page No. 1 of 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Date:</td>
<td>8/12/97</td>
</tr>
<tr>
<td></td>
<td>07/02/09</td>
</tr>
</tbody>
</table>

BACKGROUND

Administrative Services Department is responsible for the billing and collection of all monies due to the City and maintains several integrated accounts receivable modules (Miscellaneous Accounts Receivable and CIS Utility Billing) in order to achieve this. Other City Departments may maintain independent systems for managing certain types of debts, obligations or claims owed to the City. Occasionally a debt, obligation or claim (or a portion thereof) due to the City is found to be uncollectible. Additionally, it is sometimes beneficial to the City to negotiate and accept a settlement in payment and satisfaction of a debt, obligation or claim due to the City. Timely recording of any uncollectible amount incurred by such determination or settlement is important.

PURPOSE

The purpose of this policy is to provide a guide to all City Departments and staff as to the criteria and procedures to follow in determining that a debt, obligation or claim (or portion thereof) is uncollectible and may be removed from the records as an outstanding receivable.

POLICY

It is the policy of the City of Stockton to diligently pursue and properly bill, record and collect, all monies due the City. Under certain circumstances money due the City may be written off as uncollectible. The following criteria shall be used in determining that monies are uncollectible. Accounts meeting any one of the criteria may be removed from the records as an outstanding receivable:

1. The debt, obligation or claim has been discharged by a United State Bankruptcy
CITY OF STOCKTON, CALIFORNIA
CITY COUNCIL POLICY

UNCOLLECTIBLE ACCOUNTS

Policy No. 700-3
Page No. 2 of 4

Effective Date:
8/12/97
07/02/09

Court.

2. The responsible party owing the money has died leaving no estate.

3. The Director of Administrative Services (or his designee) has determined that the debt, obligation or claim is uncollectible or that it is beneficial to the City to negotiate and accept a settlement in payment of the debt, obligation or claim.

4. The account had been referred to a credit collection agency which has determined the money due is uncollectible.

5. Small Claims Court has denied the City a judgment for the money due.

6. A court other than Small Claims has awarded a settlement or denied the City a judgment for the money due.

7. The statute of limitations has expired for claiming the money due the City.

The Director of Administrative Services may liquidate, by selling (factoring), certain accounts recognized as uncollectible to generate revenue from these non-productive receivables.

PROCEDURES

1. The Administrative Services Department is responsible to ensure that bad debts are recorded properly and in a timely manner.

2. A request in writing, addressed to the Director of Administrative Services is to be initiated by the responsible department. The request must be signed by a manager or department director of the responsible department and must contain the following information:
CITY OF STOCKTON, CALIFORNIA
CITY COUNCIL POLICY

Subject: UNCOLLECTIBLE ACCOUNTS

<table>
<thead>
<tr>
<th>Policy No. 700-3</th>
<th>Page No. 3 of 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Date:</td>
<td>8/12/97</td>
</tr>
<tr>
<td></td>
<td>07/02/09</td>
</tr>
</tbody>
</table>

- The name, address, amount and relevant particulars of the debt
- The nature of the debt and the date incurred
- An outline of the measures taken to collect the debt
- The reason(s) why the debt is deemed to be uncollectible
- A recommendation that the debt be written off under the provisions of this City Council Policy

3. After approval by the Director of Administrative Services, the debt will be removed from the records as an outstanding receivable.

4. A notice of uncollectible accounts written off will be provided to the City Manager and City Council on a quarterly basis.

5. The Administrative Services Department is responsible for analyzing outstanding receivables and creating a provision for accounts deemed doubtful or uncollectible for each fiscal year. The amounts may be an exact amount or an estimate, but must be supportable by analysis and documentation held on file.

6. Other City Departments that maintain independent systems for managing certain types of debts, obligations or claims owed to the City are responsible for analyzing outstanding receivables and recommending a provision for accounts deemed doubtful or uncollectible for the end of each fiscal year. The amounts may be an exact amount or an estimate, but must be supportable by analysis and documentation held on file. This recommendation will be made to the Director of Administrative Services no later than July 15th of each year.

Re-Adopted by Resolution No. xx-xxxx 04/14/09
<table>
<thead>
<tr>
<th>Subject:</th>
<th>Policy No.</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCOLLECTIBLE ACCOUNTS</td>
<td>700-3</td>
<td>4 of 4</td>
</tr>
</tbody>
</table>

**Effective Date:**
- 8/12/97
- 07/02/09