

Introduced by \_\_\_\_\_ Council Bill No. R 218-13

**A RESOLUTION**

authorizing the Finance Director to write off certain uncollectible receivables and CDBG and HOME housing loans.

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

SECTION 1. The City Council accepts the Finance Director's report of uncollectible utility service accounts as set forth in "Exhibit A" attached hereto.

SECTION 2. The City Council authorizes the Finance Director to write off the official books and records of the City \$235,749.65 in miscellaneous receivables in excess of five (5) years old that the Finance Director has determined to be uncollectible. These receivables include items such as commercial solid waste activity and damage to utility poles.

SECTION 3. The City Council authorizes the Finance Director to write off the official books and records of the City the CDBG and HOME housing loans in the amounts shown on "Exhibit B," attached hereto, which the Finance Director has determined to be uncollectible.

SECTION 4. This resolution shall not be construed as extinguishing any debt owed to the City of Columbia.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor and Presiding Officer

APPROVED AS TO FORM:

\_\_\_\_\_  
City Counselor

**BAD DEBT EXPENSE as % of REVENUES***Utilities by percentage of write-offs*

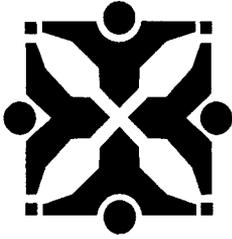
<b>Water</b>	<b>Electric</b>	<b>Sewer</b>	<b>Solid Waste</b>	<b>Storm Water</b>	<b>Customer Services</b>
12.3%	43.2%	6.9%	9.2%	0.7%	27.7%

**Utility Write offs by Year**

<b>Year</b>	<b>Bankruptcy</b>	<b>Collection</b>	<b>Total write off</b>	<b>Total Billed Revenue</b>	<b>Write off as % of Revenues</b>		
1998	\$ -	0.00%	\$ 3,542.49	0.00%	\$ 3,542.49	\$ 77,157,978.95	0.00%
1999	\$ -	0.00%	\$ 1,850.22	0.00%	\$ 1,850.22	\$ 80,048,843.46	0.00%
2000	\$ -	0.00%	\$ 1,730.04	0.00%	\$ 1,730.04	\$ 80,543,565.72	0.00%
2001	\$ -	0.00%	\$ 3,255.22	0.00%	\$ 3,255.22	\$ 83,577,002.99	0.00%
2002	\$ -	0.00%	\$ 7,177.49	0.01%	\$ 7,177.49	\$ 84,925,822.43	0.01%
2003	\$ -	0.00%	\$ 14,934.05	0.02%	\$ 14,934.05	\$ 89,011,715.56	0.02%
2004	\$ 209.20	0.00%	\$ 45,123.40	0.05%	\$ 45,332.60	\$ 91,792,849.49	0.05%
2005	\$ 541.85	0.00%	\$ 300,132.18	0.29%	\$ 300,674.03	\$ 103,763,321.73	0.29%
2006	\$ 306.90	0.00%	\$ 360,564.77	0.31%	\$ 360,871.67	\$ 114,764,812.27	0.31%
2007	\$ 3,164.96	0.00%	\$ 420,857.09	0.34%	\$ 424,022.05	\$ 124,434,153.08	0.34%
2008	\$ 4,406.52	0.00%	\$ 298,646.78	0.22%	\$ 303,053.30	\$ 133,024,566.20	0.23%
<b>Total</b>	\$ 8,629.43		1,457,813.73		\$ 1,466,443.16	1,063,044,631.88	0.14%

Name	Address	Funding Date	Reason for Forfeiture	Effective date of Forfeiture	CD Program	Original Loan Amount	Loan Balance
Hickman, Phillip	604 Wilkes	6/30/1999	Incorrect legal recorded title has transferred		HOA - ND	16,000.00	9,333.33
Steward, Sheila	3 Switzler	11/16/2001	Foreclosure	12/12/2007	HOA - ND	16,000.00	13,433.04
Jackson, Taneka	4011 Arctic Fox	10/8/2004	Foreclosure	5/22/2009	HOA - ND	2,500.00	125.00
Eckstein, Cinthia	804 Fairview Ave	11/4/2009	Foreclosure	2/7/2013	Emergency Repair	4,060.00	3,251.20
	804 Fairview Ave	11/14/1997	Foreclosure	2/7/2013	Owner-occupied Rehab	23,419.00	23,419.00
Armstrong, Dolores	715 W. Worley	3/21/2008	Foreclosure	7/21/2011	Owner-occupied Rehab	32,206.00	32,206.00
Cowherd, Rosie	5604 Elderberry Ct	7/29/2009	Foreclosure	9/13/2013	HOA	4,820.00	964.00

**\$ 82,731.57**



Source: Finance

A handwritten signature in black ink, appearing to be 'JAB'.

Agenda Item No:

To: City Council  
From: City Manager and Staff

A handwritten signature in black ink, appearing to be 'MM'.

Council Meeting Date: Oct 21, 2013

**Re:** A Resolution Authorizing the Finance Director to Write-off Certain Uncollectible Receivables

**EXECUTIVE SUMMARY:**

Section 2-208(13) of the City Code states that the Director of Finance will establish a policy and procedure for determining and handling uncollectible accounts, as well as report the total amount of bad debt write-offs to the City Council. The policies and procedures established relate to the write-off of accounts the City no longer has legal claim. This allows for better tracking in the computer system and enhances our collections efforts. The attached resolution authorizes the Finance Director to write-off \$1,466,443.16 in utility accounts receivables, \$235,749.65 in other receivables, and \$82,731.57 in housing loans. This will not affect the operating statements of various funds since an allowance for bad debt is booked on monthly basis.

**DISCUSSION:**

Section 2-208(13) of the City Code states that the Director of Finance will establish a policy and procedure for determining and handling uncollectible accounts, as well as report the total amount of bad debt write-offs to the City Council. Policies and procedures related to the write-off of accounts states that only accounts with a balance of \$5.00 or less and accounts the City no longer has legal claim.

Each year an established amount of bad debt expense is budgeted in each utility. As billing occurs each month the Finance Department estimates the amount of bad debt expense based upon the historical average of uncollectible accounts by service area. These amounts are posted to the Bad Debt expense account and Allowance for Estimated Uncollectible balance sheet account. The city adjusts these percentages each year based upon payment history; however, the City continues to have an excellent record of collections. The uncollectible balance for customer service includes the collection and late fees that are written off on final accounts that cannot be collected. Staff continues to research ways to collect on these accounts.

When the determination has been made that a specific account cannot be collected, it is written off by reducing the amount in the Receivable and Allowance for Estimated Uncollectible accounts. The account detail is also removed from the billing system. This has no effect on the operating statements of the utility funds.

The dollar amount of utility account write-offs presented this year is \$1,466,443.16 for 5,858 accounts. This is less than \$251 for each account. In addition, there is \$235,749.65 in miscellaneous receivables for items such as commercial solid waste activity and damage to utility poles that is over five years old and the City will not collect. Staff is also including \$82,731.57 in housing loans which have been reviewed and approved by the Loan and Grant Committee. The last time the City Council approved write-offs was November 1, 2011 with Resolution 194-11.

**FISCAL IMPACT:**

There is \$0 fiscal impact.

**VISION IMPACT:**

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

There is no vision impact.

**SUGGESTED COUNCIL ACTIONS:**

Approve the attached resolution.

<b>FISCAL and VISION NOTES:</b>					
<b>City Fiscal Impact</b> Enter all that apply		<b>Program Impact</b>		<b>Mandates</b>	
City's current net FY cost	\$0.00	New Program/ Agency?	No	Federal or State mandated?	No
Amount of funds already appropriated	\$0.00	Duplicates/Epands an existing program?	No	<b>Vision Implementation impact</b>	
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?	No	Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		<b>Resources Required</b>		Vision Impact?	No
One Time	\$0.00	Requires add'l FTE Personnel?	No	Primary Vision, Strategy and/or Goal Item #	n/a
Operating/ Ongoing	\$0.00	Requires add'l facilities?	No	Secondary Vision, Strategy and/or Goal Item #	n/a
		Requires add'l capital equipment?	No	Fiscal year implementation Task #	n/a