

City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: R 198-14

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: October 20, 2014

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

Documents Included With This Agenda Item

Council memo, Resolution/Ordinance, Exhibits to Resolution/Ordinance

Supporting documentation includes: None

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 \$515,180.32 in utility accounts receivables, \$555,886.45 in other receivables, and \$0 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

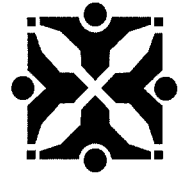
Section 2-208(13) of the City Code states that the Director of Finance will establish a policy and procedure for determining and handling uncollectible accounts, as well as report the total amount of bad debt write-offs to the City Council. Policies and procedures related to the write-off of accounts 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.

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The dollar amount of utility account write-offs presented this year is \$515,180.32 for 1,833 accounts. This is less than \$281 for each account. In addition, there is \$555,886.45 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 0 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 October 21, 2013 with Resolution 218-13.

Fiscal Impact

Short-Term Impact: 0

Long-Term Impact: 0

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Not Applicable

Strategic Plan Impact: Not Applicable

Comprehensive Plan Impact: Not Applicable

Suggested Council Action

Approve the attached resolution.

Legislative History

None



Department Approved



City Manager Approved

Introduced by _____ Council Bill No. R 198-14

A RESOLUTION

authorizing the Finance Director to write off certain
uncollectible receivables.

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 \$555,886.45 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. This resolution shall not be construed as extinguishing any debt owed
to the City of Columbia.

ADOPTED this _____ day of _____, 2014.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

Exhibit

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

Water	Electric	Sewer	Solid Waste	Storm Water	Customer Services
11.3%	45.3%	6.6%	9.3%	0.6%	27.0%

Utility Write offs by Year

Year	Bankruptcy		Collection		Total write off	Total Billed Revenue	Write off as % of Revenues
1998	\$ -	0.00%	\$ 203.67	0.00%	\$ 203.67	\$ 77,157,978.95	0.00%
1999	\$ -	0.00%	\$ 128.40	0.00%	\$ 128.40	\$ 80,048,843.46	0.00%
2000	\$ -	0.00%	\$ 137.03	0.00%	\$ 137.03	\$ 80,543,565.72	0.00%
2001	\$ -	0.00%	\$ 305.54	0.00%	\$ 305.54	\$ 83,577,002.99	0.00%
2002	\$ -	0.00%	\$ 858.96	0.00%	\$ 858.96	\$ 84,925,822.43	0.00%
2003	\$ -	0.00%	\$ 1,783.85	0.00%	\$ 1,783.85	\$ 89,011,715.56	0.00%
2004	\$ -	0.00%	\$ 1,252.12	0.00%	\$ 1,252.12	\$ 91,792,849.49	0.00%
2005	\$ -	0.00%	\$ 1,742.43	0.00%	\$ 1,742.43	\$ 103,763,321.73	0.00%
2006	\$ -	0.00%	\$ 2,932.92	0.00%	\$ 2,932.92	\$ 114,764,812.27	0.00%
2007	\$ -	0.00%	\$ 7,725.52	0.01%	\$ 7,725.52	\$ 124,434,153.08	0.01%
2008	\$ 1,224.91	0.00%	\$ 199,696.34	0.15%	\$ 200,921.25	\$ 133,024,566.20	0.15%
2009	\$ 2,447.25	0.00%	\$ 294,741.38	0.21%	297,188.63	137,929,151.60	0.22%
Total	\$ 3,672.16		511,508.16		\$ 515,180.32	1,200,973,783.48	0.04%