

## MEMORANDUM

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September 16, 2014

**TO:** Honorable Mayor and City Commission

**VIA:** Kenneth Fields, City Manager

**FROM:** Dorothy Ecklund, Finance Director  
Chris Mimbs, Accounting Manager

**RE:** Write-off Uncollectible Receivable Accounts

**SYNOPSIS:** The City Commission is asked to authorize the write-off of uncollectible accounts receivables totaling \$40,398.66 for utility and solid waste services.

### RECOMMENDATION

It is recommended that City Commission authorize the Finance Director to write-off a total of \$40,398.66 in 297 uncollectible accounts receivables for utility and solid waste services for the period of 10/01/12 through 9/30/13.

### BACKGROUND

The Utilities Fund and General Fund list accounts receivable as an asset. These amounts are the total unpaid billing of utility and waste disposal services. These Funds also list an offsetting account called Allowance for Uncollectible Accounts, which is an estimate of uncollectible accounts based upon accounts receivable balances past 90 days old. The Allowance for Uncollectible Accounts is adjusted annually by an offsetting adjustment to bad debt expense. If the write-off is approved, each account's balance will be adjusted off and each account will be coded as a write-off. Applications for new service are checked against our current database. If the applicant has a coded write-off account in our system, the applicant must pay the old debt before new service is activated.

Open accounts prior to October 1, 2013 have been sent to Penn Credit, the collection agency for the City. Penn Credit will continue to attempt collection efforts relating to these accounts. The combined efforts of Penn Credit and City staff over the last five years have resulted in the recovery of prior bad debt balances equivalent to 18% of the total amount classified as bad debt (\$44,187.93 recoverable amount / \$245,521 amount classified as bad debt = 18%).

### FISCAL IMPACT

Accounts receivables will be reduced by \$40,398.66 but this will have no impact on the City's bottom line because the amount has been accruing in the Allowance for Uncollectible Accounts.

### ATTACHMENTS

A list of write-off accounts is available for public inspection in the City Clerk's Office (61 pages)