



Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: July 1, 2019

Re: Amending Chapter 2 of the City Code as it relates to Accounts Receivable Administration

Executive Summary

Staff has prepared for Council consideration an ordinance amending Chapter 2 of the City Code as it relates to collection policies and write-offs of accounts receivable.

Discussion

Chapter 2-208(13) currently provides that the Finance Director is required to, “establish a policy and procedure for determining and handling uncollectible accounts owed the city for utility services. The Director of Finance shall submit, as part of the annual budget, an allowance for bad debts to cover the estimated amount of utility charges which will be uncollectible during the fiscal year. All utility service charges which are determined to be uncollectible by the Finance Director, pursuant to established policies and procedures, shall be written off by a charge to the bad debt allowance account established above. The Finance Director shall report the total amount of bad debt write-offs to the City Council annually.”

The proposed ordinance would change this section regarding write-offs to include all accounts receivable not just accounts receivable for utility services. It will also authorize any accounts receivable more than sixty days past due to be sent to collections with the related fees to be paid by the debtor. Currently, the code authorizes only certain receivables be sent to collections with fees paid by the debtor.

Fiscal Impact

Short-Term Impact: Potentially higher collection rate of past-due accounts.

Long-Term Impact: Potentially higher collection rate of past-due accounts.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Legislative History

Date	Action
06/17/19	REP59-19: Requesting Council direction on proposed changes to accounts receivable collection policies and write-offs.

Suggested Council Action

Staff recommends that Council amend Chapter 2 as outlined in the accompanying ordinance.