



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: September 16, 2019

Re: Uncollectible receivables

Executive Summary

The City has accounts receivable for utilities and other items that become uncollectible. The attached report summarizes the uncollectible accounts receivable for the FY2017, FY2018 and FY2019 years.

Discussion

Section 2-208(13) of the City code provides 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 on an annual basis. Accounts for which the City no longer has a legal claim are written off including those discharged in bankruptcy. The last time write offs were reported to council was in 2016. The delay was caused by implementation of new utility billing and accounting systems, however bad debt expense and allowance for estimated uncollectible amounts continued to be recorded and therefore the delay does not impact operating statements.

The attached report shows the amounts written off in accounts receivable related to utility accounts, home energy loans, special assessment taxes, employee health club deducts and miscellaneous receivables.

The amounts for FY 2017 for special assessment taxes are higher than for FY 2018 and FY 2019 because several years' worth are being caught up due to a clarification from our legal department, and there has been a decline in the number of special assessments levied by Council in recent years. The amount for the FY 2017 home energy loan write-off is much higher simply due to a higher than usual number of bankruptcies. The amounts for FY 2017 Miscellaneous Receivables is higher than the subsequent years due to some accounts that could have been written off earlier but three years ago it was believed some collections were possible. Any remaining accounts from that group are now being written off.

Fiscal Impact

Short-Term Impact: None

Long-Term Impact: None



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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

Legislative History

Date	Action
07/15/2019	B184-19 Ordinance 23934 amending Chapter 2 of the City Code as it relates to accounts receivable collection and write-off policies and procedures.

Suggested Council Action

Acceptance of the report.