

ACTION FORM BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING: November 12, 2013		DATE SUBMITTED: October 8, 2013											
DEPARTMENT OF ORIGIN: Fiscal Services		SUBMITTED BY: Joe Hegwood											
MEETING TYPE:	CLASSIFICATION:	ORDINANCE:	STRATEGIC INITIATIVE:										
<input type="checkbox"/> BCD	<input type="checkbox"/> PUBLIC HEARING	<input type="checkbox"/> 1ST READING	<input type="checkbox"/> PUBLIC SAFETY										
<input type="checkbox"/> SPECIAL	<input checked="" type="checkbox"/> CONSENT	<input type="checkbox"/> 2ND READING	<input checked="" type="checkbox"/> SERVICE										
<input checked="" type="checkbox"/> REGULAR	<input type="checkbox"/> STATUTORY		<input type="checkbox"/> ECONOMIC DEVELOP.										
<input type="checkbox"/> WORKSHOP	<input type="checkbox"/> REGULAR		<input type="checkbox"/> INFRASTRUCTURE										
			<input type="checkbox"/> QUALITY OF LIFE										
AGENDA ITEM DESCRIPTION: Consider approving the write-off of uncollectible utility accounts (water, wastewater, solid waste, transportation and drainage) billed in calendar year (CY) 2011 in the amount of \$266,706.31.													
SUMMARY STATEMENT: Unpaid non-BTU utility bills for the calendar year 2011 total \$266,706.31. This amount includes billings for water, wastewater, solid waste, transportation and drainage. The City's policy is to write-off uncollected balances greater than two (2) years old. Based upon prior collection experience, most of this amount will not be collected, although collection efforts will continue. All outstanding accounts prior to 2011 were written-off in prior years.													
<p>The original utility billing for 2011 was \$39,703,991; therefore, the write-off amount is approximately 0.67% of the total revenue for the period, the lowest write-off rate in the last five (5) years. This improvement in 2011 collections is due in part to the implementation of a new customer billing system in 2009. The resulting improvements in reporting and collection processes have improved collection results, even in a difficult economy.</p>													
<p>On a per service basis, the write-off is as follows:</p> <table style="margin-left: 40px; border: none;"> <tr> <td style="padding-right: 20px;">Water</td> <td style="text-align: right;">\$ 57,287.48</td> </tr> <tr> <td>Sewer</td> <td style="text-align: right;">63,195.59</td> </tr> <tr> <td>Garbage</td> <td style="text-align: right;">71,917.86</td> </tr> <tr> <td>Transportation</td> <td style="text-align: right;">59,444.30</td> </tr> <tr> <td>Drainage</td> <td style="text-align: right;">14,861.08</td> </tr> </table>				Water	\$ 57,287.48	Sewer	63,195.59	Garbage	71,917.86	Transportation	59,444.30	Drainage	14,861.08
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Sewer	63,195.59												
Garbage	71,917.86												
Transportation	59,444.30												
Drainage	14,861.08												
<p>In accordance with standard accounting procedures, the Finance Department sets aside a portion of revenue each month to cover uncollectible accounts. The Allowance for Uncollectible Utility Accounts in each fund is sufficient to cover this write-off, so no additional funding is required. Moreover, writing-off these amounts does not halt collection efforts. BTU actively pursues customers who have moved off the system, including those who have moved out of state. Delinquent customers owing more than \$25 are reported to a credit agency to impact credit ratings and to locate current addresses. Additionally, collection letters are sent on a regular basis.</p>													
STAFF ANALYSIS AND RECOMMENDATION: Staff recommends approving the write-off of \$266,706.31 to insure the City's financial records are in accordance with Generally Accepted Accounting Principles (GAAP). The proposed write-off is consistent with standard accounting procedures. This practice accurately presents the Utility Receivables in the general ledger and the City's financial reports. The write-off is based on the financial records maintained by BTU and assumptions that have been tested over time. However, the write-off reduces the accounts receivable balance for water, wastewater, solid waste, transportation, and drainage funds.													

OPTIONS (In Suggested Order of Staff Preference):

1. Approve the write-off of uncollectible utility accounts in the amount of \$266,706.31
2. Do not approve the write-off of uncollectible utility accounts and provide direction to staff.

ATTACHMENTS:

1. Write-offs by service for calendar year 2011
2. Write-off history for calendar years 2002 through 2011
3. Graphs illustrating write-offs by year and as a percentage of revenues

FUNDING SOURCE: Finance has conformed to standard accounting procedures, which require a portion of revenue to be set aside to allow for uncollectible accounts. No further funding resource is required.

APPROVALS: Hugh R. Walker, 10/09/2013

APPROVED FOR SUBMITTAL: CITY MANAGER Kean Register, 10/14/2013

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 10/14/2014

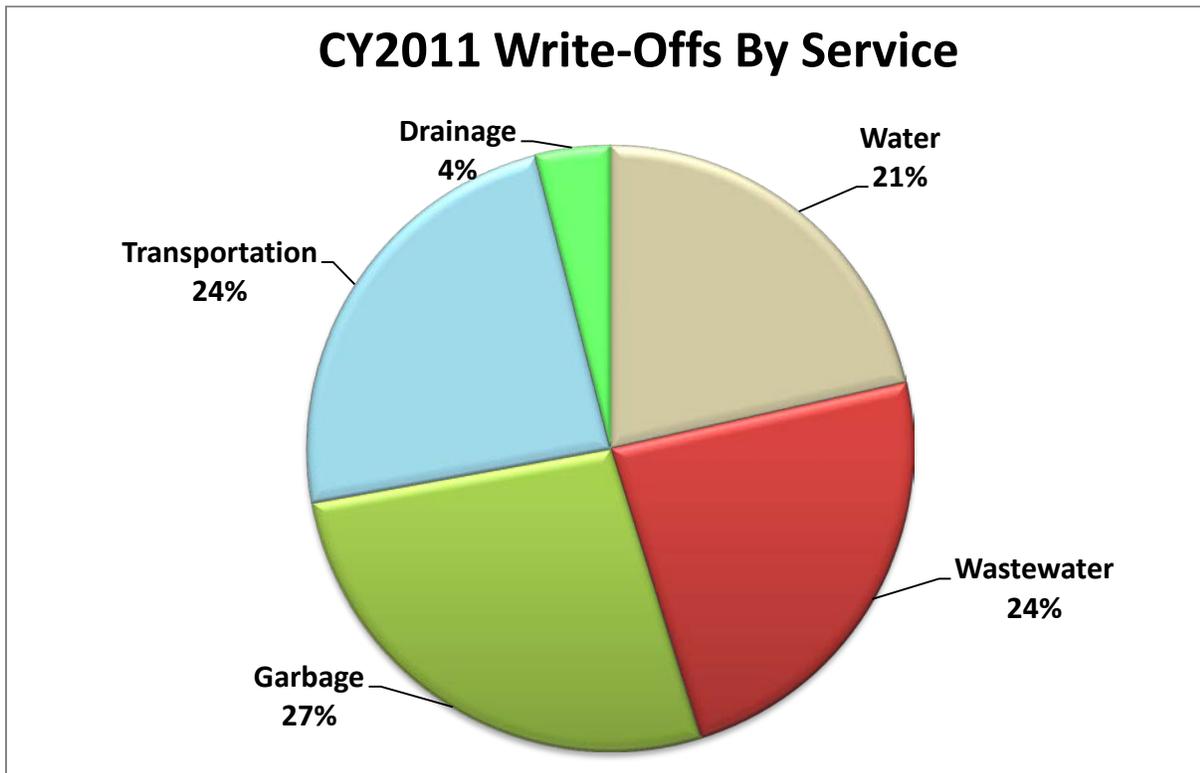
Revised 05/2013

WRITE-OFF INFORMATION (Without BTU)

Calendar Year 2011

Total By Service

Water	57,287
Wastewater	63,196
Garbage	71,918
Transportation	63,680
Drainage	10,626
<hr/>	
Total	266,706



Write-off History (Without BTU)

CY2011			
	Write-Offs	Revenue	% of Revenue
Water	57,287	13,878,807	0.41%
Sewer	63,196	12,452,158	0.51%
Garbage	71,918	7,270,103	0.99%
Transportation	63,680	5,230,205	1.22%
Drainage	10,626	872,718	1.22%
	266,706	39,703,992	0.67%

CY2010			
	Write-Offs	Revenue	% of Revenue
Water	51,441	11,384,930	0.45%
Sewer	55,598	11,868,235	0.47%
Garbage	71,066	7,157,311	0.99%
Transportation	54,879	4,904,094	1.12%
Drainage	13,720	1,226,024	1.12%
	246,704	36,540,594	0.68%

CY2009			
	Write-Offs	Revenue	% of Revenue
Water	68,502.83	12,166,769	0.56%
Sewer	86,114.52	11,658,364	0.74%
Garbage	82,103.97	7,172,951	1.14%
Transportation	54,891.36	3,497,288	1.57%
Drainage	13,722.84	868,353	1.58%
	305,336	35,363,725	0.86%

CY2008			
	Write-Offs	Revenue	% of Revenue
Water	67,272	10,776,886	0.62%
Sewer	81,762	11,127,272	0.73%
Garbage	79,285	6,847,063	1.16%
Transportation	49,929	3,313,413	1.51%
Drainage	12,482	833,862	1.50%
	290,730	32,898,496	0.88%

CY2007

	Write-Offs	Revenue	% of Revenue
Water	52,240	9,414,491	0.48%
Sewer	63,082	11,168,438	0.57%
Garbage	66,218	6,721,587	0.97%
Transportation	39,719	3,228,979	1.20%
Drainage	9,930	807,621	1.19%
	231,188	31,341,115	0.74%

CY2006

	Write-Offs	Revenue	% of Revenue
Water	54,716	10,541,363	0.52%
Sewer	66,369	10,787,190	0.62%
Garbage	60,247	6,653,258	0.91%
Transportation	38,313	3,217,586	1.19%
Drainage	9,912	811,402	1.22%
	229,557	32,010,799	0.72%

CY2005

	Write-Offs	Revenue	% of Revenue
Water	42,744	9,842,884	0.43%
Sewer	56,300	10,132,404	0.56%
Garbage	45,360	6,557,097	0.69%
Transportation	23,324	2,506,657	0.93%
Drainage	7,043	787,328	0.89%
	174,770	29,826,370	0.59%

CY2004

	Write-Offs	Revenue	% of Revenue
Water	32,173	7,998,193	0.40%
Sewer	40,779	9,420,806	0.43%
Garbage	37,371	6,164,242	0.61%
Transportation	9,860	1,033,685	0.95%
Drainage	6,707	759,405	0.88%
	126,891	25,376,330	0.50%

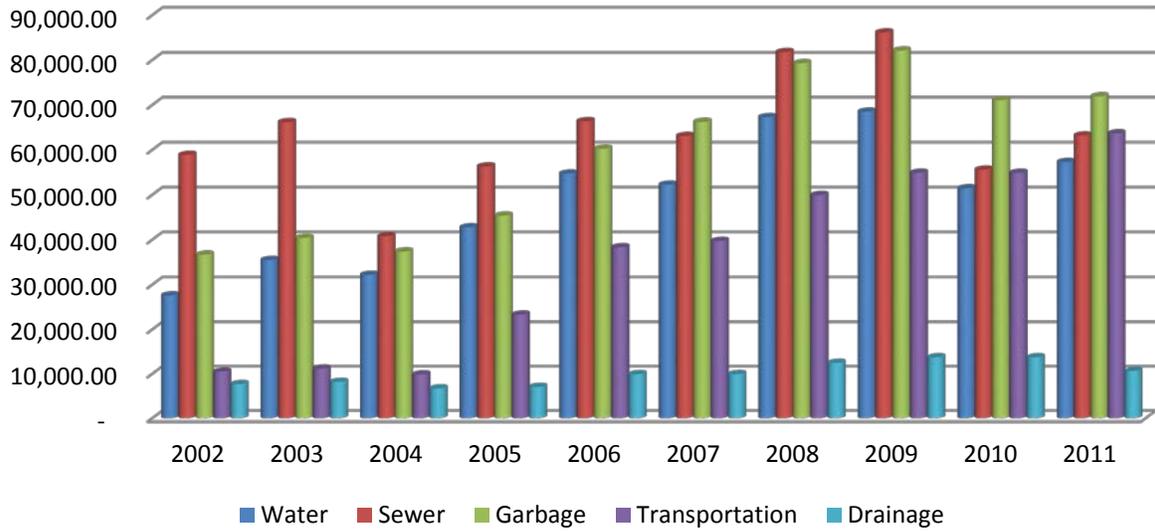
CY2003

	Write-Offs	Revenue	% of Revenue
Water	35,476	7,837,388	0.45%
Sewer	66,161	9,599,864	0.69%
Garbage	40,407	5,993,399	0.67%
Transportation	11,184	1,033,933	1.08%
Drainage	8,178	764,873	1.07%
	161,406	25,229,457	0.64%

CY2002

	Write-Offs	Revenue	% of Revenue
Water	27,591	6,937,347	0.40%
Sewer	58,877	8,888,645	0.66%
Garbage	36,675	5,748,754	0.64%
Transportation	10,486	1,025,257	1.02%
Drainage	7,673	753,305	1.02%
	141,302	23,353,307	0.61%

Write-Offs By Calendar Year



Write-Offs as a Percentage of Revenues

