CITY OF FLAGSTAFF STAFF SUMMARY REPORT

To:

The Honorable Mayor and Council

From:

Ranbir Cheema, Tax, Licensing & Rev Manager

Date:

August 4, 2010

Meeting Date:

August 17, 2010

Title:

MISCELLANEOUS RECEIVABLE WRITE-OFFS FOR FISCAL YEAR ENDING

JUNE 30, 2010

Recommended Action:

Authorize write-off of Miscellaneous Receivable <u>uncollectible</u> accounts totaling \$137,092.95 \$107,059.95

ACTION SUMMARY:

If these accounts are written off, city staff will no longer actively collect them. However, the amount owed has been applied against the credit of the debtor where possible.

DISCUSSION:

Background/History:

The total billings for miscellaneous receivables over the past twelve months were over \$10.6 million. These write-offs are approximately 1.3% of that amount. Historically these write-offs have been a <u>fraction</u> close to 1/10 of 1% of total billings. Last year has been an exception with a much larger write-off. Collection activity was initiated on these accounts when they became delinquent. When collection efforts were not successful, the accounts were applied to the customer's credit if possible.

Past five year history is as follows:

Write Off Year	Amt of Write Off	Annual Amt Billed	% of Amt Billed	
FY 10	\$ 107,059.95	\$ 10.6 million	1.01%	
FY 09	\$ 7,081.09	\$ 8.6 million	0.08%	
FY 08	\$ 3,044.91	\$ 9.0 million	0.03%	
FY 07	\$ 42,587.44	\$ 9.8 million	0.43%	
FY 06	\$ 6,147.45	\$ 13.5 million	0.04%	



Key Considerations:

The Revenue Collector, using statements, letters and telephone calls, has worked these the accounts. When a customer fails to make payments they are denied access to future city services and the amount owed is applied to their credit when possible.

Top three accounts on the delinquent list for Miscellaneous Revenue accounts makes up for over 80% of the total write off amount. Construction companies with past due amount for landfill fees make up 78% of this total amount.

Community Benefits and Considerations:

It is sound financial management practice to reduce assets to reflect their true valuation. Failure to write-off accounts deemed uncollectible overstates the asset value of the city.

Community Involvement:

N/A

Financial Implications:

Each year the city anticipates that there will be uncollectible accounts and reserves an amount at year-end for these accounts.

Options and Alternatives:

Council could elect to not write-off these accounts and direct staff to continue collection activity.

Attachments/Exhibits:

None

Division Head (Acknowledgment that all reviews have been completed and required approvals initialed below.)

RESPONSIBILITY	DATE	INITIALS	RESPONSIBILITY	DATE
BIDS/PURCHASES GRANTS/CONTRACTS LEGAL		por	FINANCE/BUDGET IGAS TAX, LICENSING & REVENUE	8/11/19
	BIDS/PURCHASES GRANTS/CONTRACTS	BIDS/PURCHASES GRANTS/CONTRACTS	BIDS/PURCHASES GRANTS/CONTRACTS	BIDS/PURCHASES FINANCE/BUDGET GRANTS/CONTRACTS IGAS