

CONSENT AGENDA MEMORANDUM

TO: HONORABLE CHAIRMAN AND MEMBERS,
BOARD OF COUNTY COMMISSIONERS

VIA: KAREN NICOLAI, CLERK OF CIRCUIT COURT
GARY KUHL, COUNTY ADMINISTRATOR *GJK*
JESSE GOODWIN, INTERIM UTILITIES DIRECTOR *JAG*

FROM: AMY GILLIS, FINANCE DIRECTOR
CHUCK LEWIS, ASSISTANT UTILITIES DIRECTOR & CONTROLLER

SUBJECT: Uniform Write Off Resolution for Hernando County Utilities Department

DATE: July 17, 2007

BRIEF OVERVIEW: Hernando County Utilities Department would like to implement a uniform write off policy for accounting purposes where all reasonable efforts have been made to collect payments on customer accounts and where the probability of collection is doubtful. Write off of uncollectible accounts greater than 180 days old will result in an accounts receivable balance that will more accurately reflect future cash flows.

BUDGET IMPACT:
No budget impact.

LEGAL IMPACT:
Board is authorized to act upon this matter pursuant to Chapter 125 Florida Statutes. *WD*

RECOMMENDED ACTION: Approve the attached Resolution.

ADMINISTRATIVE NOTE:

GJK Reviewed
See attached memo

CONSENT
AGENDA ITEM

|| "MINUTES OF"
• JUL 17 2007

RESOLUTION NUMBER 2007- 197

A RESOLUTION ADOPTING A UNIFORM WRITE OFF POLICY FOR ACCOUNTING PURPOSES IN SITUATIONS WHERE ALL REASONABLE EFFORTS HAVE BEEN MADE TO COLLECT THE DEBTS AND WHERE THE PROBABILITY OF ACTUAL COLLECTION IS DOUBTFUL OR THE COST TAKING THE ACTIONS NECESSARY TO RECOVER THE DEBTS IS GREATER THAN THE AMOUNT TO BE RECOVERED. PROVIDING FOR THE DESIGNATION OF HERNANDO COUNTY UTILITY DEPARTMENT WRITE-OFF/COLLECTIONS COORDINATOR, PROVIDING FOR CONCURRENCE OF OUTSIDE AUDITORS AND ANNUAL REPORTING TO THE BOARD OF COUNTY COMMISSIONERS BY THE UTILITY DEPARTMENT DIRECTOR OR DESIGNEE REGARDING THE AMOUNTS WRITTEN OFF.

WHEREAS, Hernando County Utilities Department provides services to individuals and businesses and sets charges for these services; and

WHEREAS, some of these individuals and businesses fail to pay the amounts owed and the charges become delinquent; and

WHEREAS, Florida Law and County Ordinance prohibits the County to forgive debt unless compromising claims for reasons involving legal right to recovery; and

WHEREAS, it is desirable for accounting purposes to move receivables off the County's balance sheet where there is no reasonable chance of collection, and to provide for a uniform process of compromising claims where under the legal circumstances presented such compromises are allowed and in the County's best interest; and

WHEREAS, the Board of County Commissioners, sitting as the governing board of the Hernando County Water and Sewer District, hereby adopts a write-off policy for

Hernando County Utilities Department; and

WHEREAS, The Board of County Commissioners wishes to have a uniform process in place to handle such accounting procedures and compromises and to delegate the management of this process to the Utilities Director/Controller, or designee, subject to reasonable reporting back to them; and

WHEREAS, the Utilities Director/Controller, County Administrator and Clerk of the Circuit Court Finance Department have recommended a write-off policy:

NOW, THEREFORE, BE IT RESOLVED BY THE HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS AS FOLLOWS:

The Hernando County Board of County Commissioners does hereby adopt the following policy and procedure for Water and Sewer accounts deemed as uncollectible through the following processes:

1. The Utilities Director/Controller, or designee, for accounting purposes, may write off those claims not exceeding \$10,000 per account, where upon consultation with the County Attorney it appears that the legal basis for recovery is not certain or under the circumstances of the case there are insufficient assets to pay the claim and due to the legal situation, there will not be sufficient assets to pay the amount owed in the future.
2. Write-offs will be submitted for approval after all collections efforts have been exhausted. Part of this process includes leaving the receivables on the books for a period of time of no less than 180 days before presenting to the Utilities Director/Controller, or designee, for write off. The write-off amounts and account information will be retained in collections for an indefinite period for bad debt recovery in the event the account

holder returns, but will not be included in the outstanding accounts receivable balance.

a. Collection efforts are as follows:

1. Final Billing
2. Second Billing with Penalties (20 days later)
3. Third and Final notice (20 days later)
4. Notice of Legal action if balance is greater than \$500.00

3. The above represents a minimum time frame; therefore, each account may be handled according to its own circumstances.

4. The Utilities Director/Controller will designate a Write-off/Collections Coordinator.

5. The Write-off/Collections Coordinator will review and collate collection information, related account history and collection efforts information and prepare the related approval request memo and documentation incorporating the totals of each receivable account deemed uncollectible to include any additional fees such as penalties and late fees.

6. The completed write-off documentation will be forwarded to the Utility Director/Controller, or designee, for review and approval. In the case of any one receivable account exceeding \$10,000.00 the request and documentation shall be placed on the Board's meeting agenda for approval. Otherwise, the Utility Director/Controller, or designee, shall report to the Board the amount of the write-offs approved under this resolution for each period. Such reports, if necessary, shall be made at the first available Board meeting in July and January of each year.

7. Once Board approval has been obtained, items requiring an accounting adjustment with related back up will be posted in the accounts receivable system.

EFFECTIVE DATE This Resolution shall take effect upon adoption with rates implemented on July 3, 2007.

RESOLVED BY THE HERNANDO COUNTY BOARD OF COUNTY COMMISSIONERS AS GOVERNING BOARD OF THE HERNANDO COUNTY WATER AND SEWER DISTRICT, this 17 day of July 2007.



**BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA**

Attest *Karen Nicolai* Deputy
KAREN NICOLAI
Clerk

By: *Christopher A. Kingsley*
Christopher A. Kingsley
Vice Chairman

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
BY: *[Signature]* / *kw* 7/10/07
County Attorney's Office