


To: Ryan Eggleston, City Manager
From:  Shirl Meadows, Revenue Billing and Collections Supervisor
Subject: Write off of Utility bad debts for the period June 1, 2019 through May 31, 2020
Date: 7/10/20

A bad debt is defined as a closed account that has an unpaid balance due after the application of the deposit to the final bill. We have written off utility bad debts, on accounts that closed during the above-mentioned period, totaling \$31,968.92. Water, sewer, and solid waste billings for this same period totaled \$8,753,967.00. The ratio of bad debts to utility billing is .37%. This is a decrease from the previous write off period, June 1, 2018 through May 31, 2019, of 0.12%. Analysis of the accounts written off is attached for your review. Per the analysis there was a decrease in the number of accounts that closed which correlates to a decrease in amounts left owing. In researching these accounts, it is believed that the high balances were in part contributed by Hurricane Dorian and our inability to follow normal procedures. We will continue to enforce collections on these customers using our current methods (Debt Setoff).

The total of the bad debts will be allocated between the water/sewer and solid waste funds in proportion to the billings of each fund to the total billings. The write offs will be reduced by current year collections of accounts written off in previous years. The following details the net bad debts for the fye 6/30/2020:

Accts. written off in fye 6/30/20	<u>Water/Sewer</u>	<u>Solid Waste</u>
Less collections of prior year	\$28,059.12	\$3,909.80
write offs (at 5/31/20)	(6,054.33)	(0.00)
Net bad debts for fye 6/30/20	22,004.79	3,909.80
Budget for bad debts fye 6/30/20	30,000.00	5,000.00

If you have any questions or need additional information, please stop by and see me.

Cc: Jewel Lasater, Finance Director
Daniel Williams, Public Services Director

**TOWN OF MOREHEAD CITY AUDIT FILE
BAD DEBT/WRITE OFF 2019-2020**

	# OF ACCTS	Total Written Off	FYE 6/30/20 Average Written Off	# OF ACCTS	Total Written Off	FYE 6/30/19 Average Written Off	# OF ACCTS	Total Written Off	FYE 6/30/18 Average Written Off	# OF ACCTS	Total Written Off	FYE 6/30/17 Average Written Off
Customers Who Own Property	18	5,548.15		26	3,820.67	146.95	20	4,221.89	211.09	23	2,568.29	111.66
Customers Who Rent Property	153	26,420.77		184	36,880.54	200.44	194	32,378.27	166.90	172	25,982.55	151.06
Other (nonowner/nonrenter)	0	0.00		0			0			0		
TOTALS	171	31,968.92		210	40,701.21		214	36,600.16	171.03	195	28,550.84	
Customers Who Own Property												
Out of Business	1	1,335.53	1,335.53	1	301.99	301.99	1	210.77	210.77	0	0.00	0.00
Bankrupt	0	0.00	0.00	0	0.00		0	0.00	0.00	0	0.00	0.00
Leak Related	0	0.00	0.00	1	377.08	377.08	0	0.00	0.00	1	55.90	55.90
Credit for < \$10.00 (increased from < \$5.00 beginning 6/30/02)	0	0.00	0.00	1	4.28	4.28	1	9.14	9.14	1	1.93	1.93
Accounts turned over to Debt Setoff Program (program started approx. 9/01)	4	1,264.43	316.11	6	971.65	161.94	8	2,530.56	316.32	5	544.20	108.84
Other (foreclosures, deceased, etc.)	9	2,804.19	311.58	7	1,912.02	273.15	3	1,061.39	353.80	3	561.33	187.11
Pending Submission to Debt Setoff	2	406.86	203.43	3	431.74	143.91	6	936.50	156.08	7	1,176.10	168.01
*Hurricane Dorian related	0	0.00	0.00	2	582.22	291.11						
Customers Who Rent Property												
Out of Business	8	559.54	69.94	19	5,237.77	275.67	24	2,289.46	95.39	15	1,753.47	116.90
Bankrupt	0	0.00	0.00	3	470.05	156.68	0	0.00	0.00	0	0.00	0.00
Leak Related	7	4,114.91	587.84	7	6,129.21	875.60	15	5,867.79	391.19	3	2,014.40	671.47
Credit for < \$10.00 (increased from < \$5.00 beginning 6/30/02)	7	23.36	3.34	7	20.72	2.96	6	27.54	4.59	5	25.05	5.01
Accounts turned over to Debt Setoff Program (program started approx. 9/01)	82	21,700.64	#DIV/0! 264.64	91	22,644.68	248.84	91	20,008.12	219.87	73	15,386.37	210.77
Other (foreclosures, deceased, etc.)	9	1,077.89	119.77	5	1,195.87	239.17	4	620.00	155.00	0	0.00	0.00
Pending Submission to Debt Setoff	18	2,939.81	163.32	39	7,581.18	194.39	39	8,857.83	227.12	43	7,632.94	177.51
*Hurricane Dorian related	4	754.54	188.64	37	8,730.44	235.96						
TOTALS	171			210			214			195		
TOTAL WRITE OFFS		31,968.92			40,701.21			36,600.16			28,550.84	

*New for this fiscal year as it had an impact

TOWN OF MOREHEAD
 BAD DEBT ANALYSIS ALL YEARS

Bad Debt Analysis
 For FYE 6/30/20
 (for period of 6/19-5/20)

Bad Debt Analysis
 For FYE 6/30/19
 (for period of 6/18-5/19)

	Water	Sewer	Solid	Totals
June '19	-347,593.07	-310,592.63	-80,808.00	-738,993.70
July '19-May '20	-3,695,573.21	-3,329,316.09	-990,084.00	-8,014,973.30
Subtotal	-4,043,166.28	-3,639,908.72	-1,070,892.00	-8,753,967.00
Pro rata %	87.77%		12.23%	100.00%
Total Bad Debt to be written off	31,968.92			
Revenue Billed	-8,753,967.00			
%	-0.37%			
Last year (period of 6/18-5/19)	-0.49%			

	Water	Sewer	Solid	Totals
June '18	-325,653.39	-297,250.72	-80,749.50	-703,653.61
July '18-May '19	-3,479,381.07	-3,192,083.67	-885,043.50	-7,556,508.24
Subtotal	-3,805,034.46	-3,489,334.39	-965,793.00	-8,260,161.85
Pro rata %	88.31%		11.69%	100.00%
Total Bad Debt to be written off	40,701.21			
Revenue Billed	-8,260,161.85			
%	-0.49%			
Last year (period of 6/17-5/18)	-0.47%			

Allocated	Budget Amt	Difference	Allocation
28,059.12	30,000.00	-1,940.88	water/sewer (87.77%)
3,909.80	5,000.00	-1,090.20	solid waste (12.23%)

Allocated	Budget Amt	Difference	Allocation
35,942.35	40,000.00	-4,057.65	water/sewer (88.31%)
4,758.86	5,000.00	-241.14	solid waste (11.69%)