



TO THE HONORABLE MAYOR AND COUNCIL:

DATE: June 22, 2010

**SUBJECT: YEAR-END WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE**

**Report in Brief**

While the Finance Department makes every effort to collect unpaid accounts receivable, some inevitably become uncollectible and must be written off the books. Six invoices and six loans, \$9,909.52 of General Fund money and \$163,226.71 of RDA Set-Aside money, are recommended for write-off at this time.

**Background**

Current policy requires formal approval by the City Council before any uncollectible receivable over the amount of \$750 can be written off.

Prior to recommending write-off, the Finance Department makes every effort to collect on unpaid receivables. Actions taken include a past-due letter, a ten-day demand letter and a Small Claims Court action after the original receivable remains unpaid. Only after all efforts have failed is a receivable considered for write-off.

**Discussion**

A summary of the six invoices and the six loans is as follows:

<u>Billing Type</u>	<u>Number</u>	<u>Amount</u>
Driving under the Influence	3	3,056.52
False Alarms	3	<u>6,853.00</u>
	Total General Fund Write-Off	\$ 9,909.52
Rehabilitation Loans	2	100,119.55
First Time Homebuyer Loans	2	50,000.00
Emergency Rental Assist. Loans (ERAP)	2	<u>13,107.16</u>
	Total RDA Set Aside Write-Off	\$ 163,226.71

## YEAR-END WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE

June 22, 2010

Page 2

The City pursued Small Claims actions in three of the six False Alarm and D.U.I cases. Two cases were not pursued due to bankruptcy and the third was dropped due to the City being unable to locate the individual to serve papers. The City won judgements on the remaining three cases from the Court; however, there are currently no assets to attach. The judgements will remain on file for ten years and are renewable for an additional ten years. While staff is recommending writing off these unpaid debts, the City can still collect on the debts in the future if the opportunity arises.

In addition, the City participates in the California State Intercept Program which allows the City to send the information on the three invoices to the State of California. In the event the debtor has a State tax refund or lottery winning, the City of Concord will receive the amount owed. This allows the City to collect even if the receivable has been written off.

More information on each of the six loans recommended for write-off is presented in the narrative below. The City has received a number of recent Notices of Default for other properties in the pre-foreclosure part of the process that will undoubtedly result in additional foreclosures in FY 2010-11.

Staff recommends writing off two loans in the Rehabilitation Loan Program: The first was for a condominium for which the City received a Notice of Default. It was sold by the bank in February, 2010. The second loan was for a single family residence. The City received Notice of Trustee's Sale on August 7, 2009 and the house was sold by the bank in December, 2009. The City is in a secondary position on each of these loans and consequently did not receive proceeds from the sale. Since the City has no recourse to enforce collection, the write-off of the balance is appropriate.

Staff further recommends writing off two loans in the First Time Homebuyer Loan Program. Both are for condominiums. The City received a Bankruptcy notice on the first one and there was a foreclosure on the second. Again, the City does not have recourse to enforce collection, so the write-off of the balances is recommended.

And finally, staff recommends writing off two loans in the ERAP Loan Program. Both are for mobile homes. In one case, one property owner died; the other was evicted and left without paying. In the second case, the owners sold the coach without paying the loan. The City considered a possible Small Claims Action but due to the costs involved to recover the loan, staff concluded a write-off was appropriate.

### **Fiscal Impact**

The write-off of \$173,136.23 recognizes the inevitability that the money will not be collected.

Of that amount, \$9,909.52 represents unpaid invoices in the General Fund. Staff will continue to make every effort to collect even though the invoice amounts have been written off. The remaining \$163,226.71 reflects uncollectible Housing loans and will be written off from the Low/Mod Housing Fund.

### **Public Contact**

Notice of this meeting has been posted.

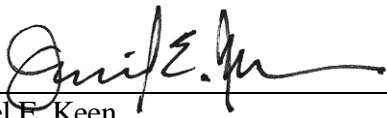
**YEAR-END WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE**

June 22, 2010

Page 3

**Recommendation for Action**

Staff recommends the City Council authorize the write-off of the uncollectible accounts receivable for Fiscal Year 2009-10 in the amount of \$9,909.52 of General Fund money and \$163,226.71 of Redevelopment Agency Set-Aside money.



Daniel E. Keen

City Manager

[Dan.Keen@ci.concord.ca.us](mailto:Dan.Keen@ci.concord.ca.us)

Prepared by: Linda Lorenzetti  
Treasury Manager

[Linda.Lorenzetti@ci.concord.ca.us](mailto:Linda.Lorenzetti@ci.concord.ca.us)

Reviewed by: Margaret Lefebvre  
Director of Finance

[MLefebvre@ci.concord.ca.us](mailto:MLefebvre@ci.concord.ca.us)

Enclosures: Uncollectible Accounts Listing over \$750

**Accounts Receivable Write Offs under \$ 750.00  
2010**

<b>Cust</b>	<b><u>Name</u></b>	<b><u>Charge</u></b>	<b><u>Judgement</u></b>	<b><u>Reason</u></b>	<b><u>Amount</u></b>	<b><u>Account #</u></b>
2188	Stacie Lynn DeSilva	DUI		Unable to locate	\$240.00	1007200R999-46370
2246	Diamond Bullnosing	False Alarms	Yes	No Longer in Business	\$270.00	1007200R999-46390
2246	Diamond Bullnosing	False Alarms	Yes	No Longer in Business	\$675.00	1007200R999-46390
2246	Diamond Bullnosing	False Alarms	Yes	No Longer in Business	\$135.00	1007200R999-46390
1345	Superior Electric Supply Co	False Alarms	Yes	No Longer in Business	\$135.00	1007200R999-46390
1345	Superior Electric Supply Co	False Alarms	Yes	No Longer in Business	\$405.00	1007200R999-46390
2179	PTI Paramount Technology	False Alarms	No	Filed Bankrupcy	\$270.00	1007200R999-46390
2384	Sonset Flowers	False Alarms	Yes	Filed Bankrupcy	\$135.00	1007200R999-46390
802	Sofia Masole	Damage	Yes	Unable to locate	\$317.60	1003700R999-50050
2339	Shiela Anne Obrien	Damage	Yes	Unable to locate	\$305.81	1003700R999-50050

\$2,888.41

## Accounts Receivable Write Offs over \$ 750.00 2010

<b>Cust</b>	<b><u>Invoice #</u></b>	<b><u>Name</u></b>	<b><u>Charge</u></b>	<b><u>Judgement</u></b>	<b><u>Reason</u></b>	<b><u>Amount</u></b>
1614	8246	Stephanie Mejia	DUI	No	Unable to Locate	\$856.52
2205	13410	Karen Lynn Hess	DUI	Yes	Unable to Locate	\$1,100.00
2246	13748	Rodney Hankerson	DUI	Yes	Unable to Locate	\$1,100.00
1345	16818	Superior Electric Supply Co	False Alarms	Yes	No Longer in Business	\$1,755.00
2179	14052	PTI Paramount Technology	False Alarms	No	Filed Bankrupcy	\$4,296.00
2179	14354	PTI Paramount Technology	False Alarms	No	Filed Bankrupcy	\$802.00
						\$9,909.52

**Account #**

1007200R999-46370  
1007200R999-46370  
1007200R999-46370  
1007200R999-46390  
1007200R999-46390  
1007200R999-46390