

City Council Agenda Memo

From: Ashley Rentsch, Deputy Finance Manager

Council Meeting: November 9, 2021

Subject: Resolution 21-095, A Resolution Removing Uncollectible, Delinquent Accounts from the Records

Person(s) Responsible: Erick Rangel, Chief Financial Officer; Mike Struck, Community Development Director

Summary:

City staff examines accounts receivable annually to determine whether amounts should be written off as uncollectible. This resolution removes outstanding landfill fees and unpaid Research & Technology Center rent that has been deemed uncollectible after reasonable collection efforts have been made.

Background:

Part 1: Writes off landfill fees in the amount of \$388.24 owed by Dave's Mobile Home.

Part 2: Writes off Research & Technology Center rent fees in the amount of \$69,678.25 owed by Alex Kahler.

Item Details:

Part 1: Landfill fees in the amount of \$388.24 have been outstanding for over one year. Dave's Mobile Home is no longer in business, and the owner is now deceased. The City has deemed it likely that this amount is uncollectible and should be written off.

Part 2: Rent fees for the Research and Technology Center in the amount of \$69,678.25 for the period of August 2012 through December 2017 are outstanding. Reasonable efforts to collect these fees have been unsuccessful. Mr. Kahler is now deceased, and it is unlikely that the balance will be paid.

Legal Consideration:

Per SDCL 9-22-4, Every municipality may assign for collection any or all delinquent accounts receivable. After reasonable collection efforts the governing body may determine that an account is uncollectible, and by formal action direct that the uncollectible amount be removed from the records and disclosed on that year's financial report. Evidence of the debt removed from the records by the formal action of the governing body shall be retained by the municipality to support possible subsequent collection of that debt.

Strategic Plan Consideration:

These fee schedule changes support Fiscal Responsibility by disclosing uncollectible amounts in the City's financial statements rather than overstating the true value of Accounts Payable.

Financial Consideration:

This action will remove these uncollectible amounts from Accounts Receivable in the Solid Waste Disposal and Research and Technology Center Funds, providing a more accurate balance of what the City expects to collect.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a work session
5. Do nothing

Staff recommends approval of the resolution as presented.

Supporting Documentation:

Memo

Resolution

Presentation