Memorandum

TO: **Mayor and City Council Members**

FROM: **Stevie Cox, City Manager**

CC: **Crystal Postell, Finance Director**

DATE: **05/03/2024**

REF: **Utility Audit**

Summary:

There has been a utility audit performed on all "active" sewer and/or trash customers through April 2024. The findings were that there were several outstanding accounts since 2010. The utility audit took about (1) one week of countless hours. The auditing process has identified 70 accounts that have been delinquent from 2011 through 2021, totaling $55,225.57. Due to challenges in enhancing the utility process, there is an outstanding balance of $55,225.57. However, only $3,027.76 have occurred from January 2022 through April 2024. Please keep in mind that most of the $3,0270.76 is within a 60-day outstanding balance.

The Finance Department has been working on payment plans and the termination of services to keep these under control. These (2) two actions will allow the City to effectively "collect" on these outstanding balances and improve the City's fiscal integrity by exercising due diligence and control over the City's assets and resources.

The years provided are highly important due to the Statute of Limitations which are associated with the age of the debt's activity. Debts are considered "active" if an invoice/statement has been sent within the past (3) three years. The City has (4) four accounts with activity within the past (3) three years with "large" outstanding balances. However, these accounts have been active since 2011 or before, there has been very little or no payments on these accounts. It is safe to assume that the high balances on these accounts will never be collected. It would be effective to start the Intent to Lien Process on these accounts to send these customers a "Notice of Intent to Lien" notification via United States Postal Service. This would give the debtor the chance to satisfy their outstanding balances. If the lien process is activated, the resident could start a new account. Only (4) four accounts have been issued this notice. The reasoning is that these accounts have been "out of control" for a while.

To improve the billing process, the Finance Department has utilized an alternative to billing the City's additional trash toter accounts. We have coordinated with Davidson Water, Inc. to add a new code to their utility coding register for 65 additional toter accounts.

Trinity Garbage Rates

	Monthly Garbage Rate	Yearly Garbage Charge
Resident	$11.25	$731.25
GFL Payout	$3.75	$243.75

The change in the additional toter billing was effective within our accounting system on May 1, 2024. In order to make sure that the billing is active in a timely manner, the City will account for a loss of $243.75 for services rendered in April 2024 for the transition for additional trash toter billing to Davidson Water, Inc.

The Finance Department is working hard to ensure the fiscal integrity of the City of Trinity by exercising due diligence and control over the City's assets and resources while providing timely and accurate reporting under the guidelines of the Generally Accepted Accounting Principles (GAAP) and city regulations. The Finance Department is responsible for but not limited to the functions of accounts receivable, budget development and management, debt management, grants financial management, payroll operations cash and investments management, capital asset administration, utility billing, accounts payable, and purchasing. We are striving to improve the City's daily processes and greatly appreciate all your support and cooperation in this matter.

Until this is under control, the Finance Department will conduct a quarterly utility audit to ensure that all matters are reconciled in a timely manner.

Recommendation:

Staff recommends that the City Council adopts and approves the use of write offs, remove billing errors, and liens on property for outstanding sewer and/or trash accounts to improve the overall status of the City utility operations.

Attachments:

Accounts Past Due Report
Utility Audit Findings