

**Indian River County, Florida
Department of Utility Services
Board Memorandum**

Date: September 18, 2024

To: John A. Titkanich, Jr., County Administrator

From: Sean C. Lieske, Director of Utility Services

Prepared By: Bryan Beavers, Utility Finance Manager

Subject: Utility Accounts Receivable Bad Debt Write Offs and Foreclosure Activity

Background:

On March 9, 2021, a public hearing took place that resulted in modifications to County Code Section 201.22 that pertained to payment and collections of certain utility bills. These modifications gave authorization to the Director of Utility Services to waive some, or all, penalties and interest on past-due utility accounts and to make payment arrangements for settlement of said accounts. Modifications to code also included language that provided staff with the authorization to seek final settlement, or ultimately foreclosure, for any accounts that remained unsettled.

Analysis:

During fiscal year 2024, the Indian River County Department of Utility Services (IRCDUS) completed ten settlement agreements with customers that had very delinquent accounts. These settlements resolved \$323,856.29 of the accounts receivable balance. To induce these settlements, IRCDUS agreed to waive \$294,466.60 of past due penalties and interest charges. Seven of the ten settlements have completed all payment arrangements and are subject to a write-off of \$160,458.03 in fiscal year 2024. Three of the ten settlements have payment arrangements ongoing, and the final write-off amount cannot be determined until the payment arrangements are completed.

Further, IRCDUS completed its first foreclosure sale on a past due account. This property was sold third party at the foreclosure sale and the proceeds from the sale covered the entire past due balance of the account. A second account was taken to foreclosure sale by another department within the county. The result was a no-bid sale and the county acquired the property. The related IRCDUS account balance was therefore fully written off earlier in the year.

Finally, there are 234 active IRCDUS accounts that are 120 days or more past due. Presently, 21 of the most delinquent accounts have been referred to our foreclosure attorney to process a foreclosure.

Status	Number of Accounts	Accounts Receivable Balance	Settlement/ Foreclosure Proceeds Received	Service Charges & Fees Waived	Total Penalties & Interest Waived
Settled & Completed	7		\$276,856.29		\$160,458.03
Settled & Making Payments	3		\$47,000.00		\$134,008.52
Completed Foreclosure Sale					
By Utilities	1		\$3,979.19		
By Other County Dept	1			\$9,324.88	\$28,009.60
In Foreclosure Process	21	\$891,655.63			
All Other 120 Days Delq	213	\$863,990.00			

In summary, IRCDUS is requesting \$160,458.03 of waived penalties and interest on completed settlement agreements be written off as bad debt.

Funding:

Funds in the total amount of \$160,458.03 to cover the expenses for the fiscal year 2024 bad debt write-off will come from the Utilities/Cust Svc/Bad Debt-Water/Sewer account, number 47126536-036510, in the amount of \$160,458.03, which is in the IRCDUS operating fund. IRCDUS operating funds are derived from water and sewer sales.

Account Name	Account Number	Amount
Utilities/Cust Svc/Bad Debt-Water/Sewer	47126536-036510	\$160,458.03

Recommendation:

Staff recommend the Board of County Commissioners authorize staff to classify as bad debt expense the \$160,458.03 in penalties and interest that were waived.

Attachment:

None