



**Finance
Department**

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January 6, 2025

To: Wake County Board of Commissioners

From: W. Patrick Flanary, Chief Financial Officer

Re: Information Relating to the Amounts Approved by the Finance Director for Removal from the County's Account Receivable Subsidiary Ledgers for the fiscal year ended June 30, 2024.

Commissioners,

In accordance with NCGS 159-25, the Finance Officer has a duty to promote the efficient execution of maintaining financial accounts and records. State statutes do not address authority for removal of uncollectible accounts; therefore, the responsibility falls to the Board of Commissioners. In August 2015, the Board approved an ordinance delegating authority to the Finance Officer to remove uncollectible accounts from the County's detail ledgers in cases where the cost of collection exceeds the value of likely recovery.

Per County ordinance, the Board of Commissioners must be notified of accounts with balances of less than \$5,000 that are deemed uncollectible and subsequently removed from the County's subsidiary accounts receivable ledgers.

For all accounts receivable, diligent, and fair collection efforts will continue to be employed. These efforts may vary based on the type of account. Examples of collections methods include mailed statements and letters, phone calls, service interruptions, payment method changes (cash only), collection agencies, property liens, payment interceptions, small claims court filings, and any other options allowable under NC law. The County also continues to utilize the Debt Set-Off Collection Procedure outlined in NCGS 105A for eligible amounts where this method is deemed feasible, including receivables generated from public health programs, miscellaneous receivables, and EMS Services.

Please note that the Ordinances noted above exclude tax and housing loan receivables. Taxes are governed by state statute, and the Tax Administration Director is responsible for billing and collections. Housing loans are unique in that the Housing Department works closely with the County Attorney's Office to develop the real estate documents for all housing loans.

Once the Finance Department determines that administrative, legal, and other direct costs of collection are likely to exceed any money collected, the Finance Officer can deem the outstanding balances uncollectible. The total amount of receivables removed from the subsidiary ledgers were \$9,635,078 as of June 30, 2024. These represent receivables that had uncollected balances as of June 30, 2019. This action leaves a receivable balance of five years in the County's subsidiary ledger.

None of the accounts removed from the subsidiary ledgers have a negative impact on the County's financial statements. In accordance with generally accepted accounting principles, accounts receivable is reported in the financial statements net of an allowance for doubtful accounts. Given these amounts were included in that offsetting allowance, there is no impact on reported fund balance or revenues in the financial statements.

Receivables that are covered under this notification are Public Health and EMS transports. The procedure will not forgive or extinguish debt but allows for cessation of active collection efforts that are no longer cost effective to help Finance and departments manage billing systems more efficiently.

	Financial Statement Balance - Gross	Allowance	Financial Statement Balance - Net	Amount to be Written Off	Number of Accounts to be removed	Average Balance of Accounts Removed
EMS Transports ^	\$ 72,319,713	\$ 61,999,756	\$ 10,319,957	\$ 8,384,249	21,160	\$ 396
Public Health ^	8,531,115	6,528,361	2,002,754	1,250,829	4,175	300
	<u>\$ 80,850,828</u>	<u>\$ 68,528,117</u>	<u>\$ 12,322,711</u>	<u>\$ 9,635,078</u>	<u>25,335</u>	

^ These accounts are still using active collection efforts (Collection agency and Debt Setoff).