

May 1, 2018

LOS ANGELES FIRE DEPARTMENT



RALPH M. TERRAZAS
FIRE CHIEF

April 18, 2018

BOARD OF FIRE COMMISSIONERS
FILE NO. 18-043

TO: Board of Fire Commissioners

FROM:  Ralph M. Terrazas, Fire Chief

SUBJECT: WRITE-OFF OF UNCOLLECTIBLE LOS ANGELES FIRE DEPARTMENT
CHARGES FOR BRUSH INITIAL INSPECTION FEES FROM FISCAL
YEARS 2009-10 THROUGH 2013-14 (JUNE 2010 THROUGH JUNE
2014)

FINAL ACTION: ☐ Approved
☐ Denied

☐ Approved w/Corrections
☐ Received & Filed

☐ Withdrawn
☐ Other

SUMMARY

Los Angeles Municipal Code Section 11.04 (Ch. 1, Art. 1) provides that any Board, Commission, or Head of a Department may prepare a report setting forth findings regarding the status of unpaid accounts. This report may then be submitted to the Collections Board of Review for appropriate actions. Submitted for this write off request are 36,976 uncollected charges, ranging between \$39 and \$69, for brush initial inspection fees billed in Fiscal Years 2009-10 through 2013-14 (June 2010 through June 2014) amounting to \$2,228,326.50.

These accounts were billed following Citywide Collection Guidelines. They were referred to the City's contractor, Transworld Systems, Inc., and then for an additional six month secondary collection with Municipal Services Bureau. These accounts were subsequently deemed to be uncollectible and were returned to the Department from July 2015 through November 2017. All 36,976 accounts are past the statute of limitations.

In line with Citywide Collection Guidelines, the staff of Accounting Services determined that the unpaid accounts amounting to \$2,228,326.50 should be written off.

RECOMMENDATIONS

That the Board:

Authorize the Fire Chief to refer to the Collections Board of Review all pertinent documentation regarding \$2,228,326.50 in uncollectible accounts for write-off authority.

FISCAL IMPACT

With the removal of these uncollectible accounts from the Department's outstanding balance, the Department's resources are more efficiently utilized on more recent outstanding accounts. The write-off of these unpaid accounts shall not preclude the City from collecting any sum that later proves to be collectible. Writing off these accounts would be consistent with Generally Accepted Accounting Principles. This is also consistent with existing City policy to reflect the accurate status of accounts in the City's financial statements so as not to overstate the revenue.

Board report prepared by Carmela Espiritu, Department Chief Accountant, Accounting Services Section, Administrative Services Bureau.