**City of Yakima**
**FINANCE DEPARTMENT**

# STAFF REPORT

**June 5, 2018**

| | |
|---|---|
| **SUBJECT:** | **Accounts Receivable Status Report 1st Quarter 2018** |
| **SUBMITTED BY:** | **Finance Department** |
| **CONTACT PERSON:** | **Tara Lewis, Financial Services Manager** |

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The Accounts Receivable Status Report presents the status of General and Installment Accounts Receivable as of March 31, 2018 that are billed through the City's Central Billing office.

**ACCOUNTS RECEIVABLE**

Exhibit I contains two charts summarizing activity and balances as of March 31, 2018. The first chart depicts general accounts receivable listed by the type or category of bill. The second depicts LID assessment accounts in total. The reports display the frequency of billing, the number of customers, the balance at the beginning of the reporting period, the amount billed and payments received during the quarter and the ending balance. Information as to the status and age of the general accounts receivable is also provided.

Various categories of accounts may have different collection requirements. For example, unpaid sewer contracts become a lien against the real property. For categories such as traffic, miscellaneous, and parks the City uses a collection agency to collect significantly past due accounts.

Accounts in Collection status have been placed with the City's collection agency. Accounts are classified as uncollectable when the original bill date is beyond the statute of limitations for collection; the agency cannot locate the party; or the customer has been declared bankrupt or is deceased. At year end, uncollectable general accounts are recommended to the City Council for write-off, typically at the first meeting in December. Once an item has been billed it takes Council action to remove it from the City's records.

Note that this report does not include regular Utility Account or Municipal Court Receivables.

**RECURRING RECEIVABLES**

***Downtown Yakima Business Improvement District-Annually/Quarterly (DYBID)*** – This assessment began in December 2008 and was renewed in 2012. It replaced the Parking & Business Improvement Area (PBIA). There are two types of billings, quarterly to all property/ business owners and annual billings to all individual businesses located in this area.

*Annual Charges* – The $17,381 in the collection column is for 88 accounts.
*Quarterly Charges* – The $8,862 in the collection column is for 22 accounts.

***Fire Inspections*** – This new revenue source began in January, 2017. There are 171 accounts in collection for a total of $14,234.

***Front Street Business Improvement Assessment (FSBI)*** – A total of 12 accounts are in collection, totaling $3,718.

***Fruitvale Canal Billing*** – There is a separate irrigation fee for customers connected directly to the Fruitvale Canal. 50 accounts are billed annually. The $75 in the collection column represents two accounts.

***Miscellaneous Billing*** – Recurring billings in this category include transit bus passes, refuse charges and retiree premiums for health benefits, along with other truly miscellaneous one-time charges. The $10,544 in the collection column represents 30 accounts that are primarily refuse bin charges.

***Intergovernmental*** – This category includes billings to other governmental agencies, including state agencies, counties, cities, school districts, and local police and fire departments.

***Traffic Engineering / Engineering Billing*** – This account is generally for sidewalk safety repairs, and currently has nothing in collection.

***Parks and Recreation Billing*** – This account includes billings for pool and field rentals, along with other program charges. The $3,884 in the collection column is for nine accounts.

***Airport*** – The majority of the $1,729 in the collection column is for one vendor at the Airport, which is for a delinquent lease in the amount of $1,371, with further charges pending. There is only on other vendor in collection for the Airport at this time. The $2,615 in the legal column pertains to a land lease that is outstanding.

***The Water/Wastewater Invoices and Connections*** – The $29,946 in collection is for 20 Water/Sewer invoices/contracts and fire hydrant meter charges, damages to Water/Sewer equipment, and utility back billings.

**Gambling Tax**
This quarter the City received $246,062 in gambling tax revenue, which represents a decrease of 1.3% under the budgeted amount of $1,033,379.

***Gambling Tax Delinquencies*** – Exhibit II details the status of delinquent gambling tax accounts. One delinquent account, totaling $15,719, has been sent to collection. Another account with taxes owing of $7,055 has made payment arrangements coordinated by the Legal department.

We have informed the Gambling Commission of the status of these accounts and keep them informed of any changes in their status. When a judgment is granted the Gambling Commission can revoke the company's license.

**INSTALLMENT ACCOUNTS**

***Local Improvement District (LID)*** –Exhibit III summarizes the status of outstanding LID receivables. The delinquent amounts are unpaid installments for prior years plus interest. As of the end of the quarter, the delinquent principal balance is $83,125. When accumulated interest of $28,368 is added, the total amount past due is $111,493.

**EXHIBIT I**

# CENTRAL BILLING ACCOUNTS RECEIVABLE

(as of March 31, 2018)

## GENERAL ACCOUNTS

| | Approximate Billings | | | Quarterly Activity | | | | Status | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Recurring Receivables** | **M** | **Q** | **A** | **Beginning Balance** | **New Inv Billed** | **Payments/ Write-offs** | **Ending Balance** | **Current to 90 Days** | **Over 90 Days** | **Over 120 Days** | **Collection** | **Legal** |
| Downtown Yak Bus Impr Dist | | | | | | | | | | | | |
| Annual (DYBIDA) | - | - | 280 | $ 19,206 | $ 28,900 | $ 17,025 | $ 31,081 | $ 12,700 | $ - | $ 1,000 | $ 17,381 | $ - |
| Quarterly (DYBID) | - | 265 | - | 18,716 | 35,972 | 32,433 | 22,255 | 4,152 | - | 9,241 | 8,862 | - |
| Fire Inspections | - | 425 | - | 32,881 | 45,755 | 37,047 | 41,589 | 20,950 | 1,350 | 5,055 | 14,234 | - |
| Front Street Business Impr (FSBI) | - | 25 | - | 5,852 | 1,184 | 1,000 | 6,036 | 634 | 484 | 1,200 | 3,718 | - |
| Fruitvale Canal Billing (FC) | - | - | 50 | 575 | - | - | 575 | - | - | 500 | 75 | - |
| Miscellaneous | 110 | - | - | 28,325 | 25,912 | 37,029 | 17,208 | 5,519 | - | 1,145 | 10,544 | - |
| Intergovernmental | 525 | 20 | 30 | 152,061 | 979,174 | 706,259 | 424,975 | 424,582 | 275 | 118 | - | - |
| Traffic Eng./ Engineering | 3 | - | - | 2,448 | 150 | 456 | 2,142 | 150 | 223 | 1,768 | - | - |
| Parks & Recreation (WEED) | 10 | - | - | 17,172 | 1,459 | 13,288 | 5,343 | 1,459 | - | - | 3,884 | - |
| Airport | 400 | - | - | 19,928 | 168,312 | 158,609 | 29,632 | 21,894 | 1,210 | 2,185 | 1,729 | 2,615 |
| Water/WW Invoice & Connections | | | | | | | | | | | | |
| City of Yakima | 90 | - | 5 | 138,424 | 530,777 | 538,139 | 131,062 | 76,366 | - | 24,749 | 29,946 | - |
| Terrace Heights/Union Gap | 4 | 4 | 1 | 179,639 | 358,339 | 424,998 | 112,980 | 112,980 | - | - | - | - |
| **Sub-total Receivables** | **1,142** | **739** | **366** | **615,228** | **2,175,933** | **1,966,282** | **824,878** | **681,385** | **3,542** | **46,962** | **90,374** | **2,615** |
| Gambling Tax | - | 20 | - | 23,574 | 245,262 | 246,062 | 22,774 | - | - | - | 15,719 | 7,055 |
| **Total** | **1,142** | **759** | **366** | **$ 638,802** | **$2,421,195** | **$2,212,344** | **$ 847,652** | **$ 681,385** | **$ 3,542** | **$ 46,962** | **$ 106,093** | **$ 9,670** |

## INSTALLMENT ACCOUNTS

| | Approximate Billings | | | Original Principal | Beginning Prinicpal | Quarterly Activity | | | Ending Principal | Delinquent | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Installment Receivables** | **M** | **Q** | **A** | **Balance** | **Balance** | **Principal** | **Interest** | **Total Payments** | **Balance** | **Principal** | **Interest & Penalties** | **Total Past Due** |
| LID Assessments | - | - | 175 | $1,773,787 | $ 173,568 | $ 21,954 | $ - | $ 21,954 | $151,614 | $ 83,125 | $ 28,368 | $ 111,493 |

Legend: M = Monthly Q = Quarterly A = Annually

Note: Amounts shown net of prepayments

## SUMMARY OF GAMBLING TAX DELINQUENCY

(as of March 31, 2018)

| | |
|---|---|
| **Account(s) sent to Collection:** | |
| Michael's Tavern *(1st - 4th Qtr 13)* | $ 11,938 |
| Michael's Tavern *(1st - 2nd Qtr 14)* | 3,781 |
| | 15,719 |
| **Account currently at with payment arrangements per Legal:** | |
| Brews & Cues *(1st - 4th Qtr 14)* | 2,155 |
| Brews & Cues *(1st - 4th Qtr 15)* | 4,900 |
| | 7,055 |
| **Total** | **$ 22,774** |

**EXHIBIT III**

## LID ASSESSMENT RECEIVABLES

(as of March 31, 2018)

| | | Quarterly Principal Activity | | | Delinquent | | |
|---|---|---|---|---|---|---|---|
| **LID # - Description** | **# of Accts** | **Beginning Balance** | **Payments** | **Ending Balance** | **Principal** | **Interest** | **Total Past Due** |
| 1052 - Willow Area Watermain | 1 | $ 286 | $ - | $ 286 | $ 285 | $ 28 | $ 313 |
| 1056 - S. 7th, 8th , & 9th Avenue Sewer | 1 | 1,229 | - | 1,229 | 1,230 | 174 | 1,404 |
| 1057 - N. 84th Avenue & Hawthorne Drive Sewer | 3 | 18,131 | - | 18,131 | 18,131 | 7,933 | 26,064 |
| 1058 - N. 95th Avenue, 94th Place, W. Yakima Avenue Sewer | 2 | 8,021 | - | 8,021 | 8,021 | 3,680 | 11,701 |
| 1060 - N. 85th Avenue & Kail Drive Sewer | 6 | 23,089 | 1,666 | 21,423 | - | - | - |
| 1061 - Simpson Lane Sewer | 45 | 122,812 | 20,288 | 102,524 | 55,458 | 16,553 | 72,011 |
| **Total** | **58** | **$ 173,568** | **$ 21,954** | **$ 151,614** | **$ 83,125** | **$ 28,368** | **$ 111,493** |