



FINANCE DEPARTMENT

To: Mayor and City Council
Cliff Moore, City Manager

From: Steve Groom, Finance Department
Kathy Miles, Financial Services

Date: August 5, 2019

Subject: Accounts Receivable Status Report - 2nd Quarter 2019

This report presents the status of general receivables (non-utility billing) accounts as of June 30, 2019 that are billed centrally by the Finance Department. The report that follows summarizes activity and balances of general accounts and Local Improvement District (LID) assessment accounts.

Summary

- Total general accounts ending balance decreased by \$25,100 or 2.6% from prior quarter. Accounts in collection total \$160,089, or 17.3% of total ending balance.
- Total LID accounts ending balance decreased by \$42,204 or 33.2% from prior quarter.
- The collections process is managed continuously and reviewed monthly
- Past due accounts are placed monthly with the city's collection agency

Collection Processes

Collection requirements vary between types of billing. For example, the City uses a collection agency to collect significantly past due accounts in categories such as traffic, miscellaneous, and parks, whereas unpaid sewer contracts become a lien against the real property. Collection activity of delinquent LID accounts are coordinated with the City's legal department.

Accounts are sent to the City's collection agency when the balance is more than 90 days past due. After collection efforts are exhausted, uncollectible accounts are reported annually to the City Council for write-off approval.

Downtown Yakima Business Improvement District - Annually/Quarterly (DYBID)

DYBID funds provide downtown services including cleaning, maintenance, landscaping, safety and business development activities. There are two types of billings, quarterly to all property/ business owners and annual billings to all individual businesses:

Annual Charges - The \$16,487 in the collection column is for 87 accounts.

Quarterly Charges - The \$9,143 in the collection column is for 21 accounts.

Fire Inspections

The Fire Department is currently doing about 500 inspections and compliance re-inspections per month; there are currently 334 accounts in collection for a total of \$50,359.

Front Street Business Improvement Assessment (FSBI)

Originally created in 2006, this program was created for the purpose of assisting trade, economic viability and livability within the FSBI area. A total of 13 accounts are in collection, totaling \$3,303.

Fruitvale Canal Billing

A separate irrigation fee for customers connected directly to the Fruitvale Canal, which is not owned by the City. The City buys water through shares to serve City customers. There are 50 accounts billed annually. A total of 2 accounts are in collection, totaling \$100.

Miscellaneous Billing

Recurring billings in this category include transit bus passes for non-governmental entities, refuse charges, rents and retiree premiums for health benefits. A total of 30 accounts are in collection, totaling \$11,445, primarily for Police event services and 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. Generally considered collectible, balances are normally only a result of the timing of payments.

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. A total of 9 accounts are in collection totaling \$4,136.

Airport

The majority of the \$2,795 the collection column is for two vendors. Most of these charges are for a delinquent lease, which is still incurring charges. The City continues to seek resolution. The \$2,615 in the legal column pertains to a land lease that the cities Legal department is looking into.

The Water/Wastewater Invoices and Connections

A total of 22 accounts are in collection, totaling \$46,600, mainly for Wastewater pretreatment and strong water fees, Water permits and Water and Wastewater equipment.

Gambling Tax

The power to impose a Gambling Tax was adopted by ordinance in the City of Yakima in 1974. The largest part of these taxes come from card games, with Punch boards, pull tabs and amusement games making up for the rest.

This quarter the City received \$265,306 in gambling tax revenue, year to date, this represents 24.3% of the budgeted amount for the year (\$1,050,690), a decrease of 0.7%.

Gambling Tax Delinquencies

Exhibit II details the status of delinquent gambling tax accounts. The beginning and ending balances are primarily comprised of two delinquent accounts. One, totaling \$15,719, has been sent to collection and the second, totaling \$4,055, is making payments, coordinating with the City's Legal Department. The City informs the Gambling Commission of the status of these accounts and keeps them informed of any changes to further any collection efforts. According to RCW 9.46.070, the Gambling Commission has the authority to revoke or suspend a gambling licenses for violation of any provisions of the rules and regulations adopted in the code.

LID ASSESSMENT DETAIL**Exhibit III**

Local Improvement District (LID)

LID assessments are generally for improvements made to a parcel related to the Wastewater system. There are currently six LIDs that the City is collecting assessments on, improvements all done previous to 2009. Delinquent amounts are unpaid installments for prior years plus interest. At of the end of the quarter, the delinquent principal balance is \$57,440. When accumulated interest (\$36,755) and penalties (\$47,060) are added, the total amount past due is \$141,255. The City's Legal Department is involved with collection efforts.

RECURRING RECEIVABLES SUMMARY

Exhibit I

Recurring Receivables Detail	Approximate Billings			2nd Quarter Activity				Status				
	M	Q	A	Beginning Balance	New Inv Billed	Payments/ Write-offs	Ending Balance	Current - 90 Days	Over 90 Days	Over 120 Days	Collection	Legal
Downtown Yak Bus Imp Dist												
Annual (DYBIDA)	—	—	280	\$ 28,913	\$ —	\$ 6,426	\$ 22,487	\$ —	\$ —	\$ 6,000	\$ 16,487	\$ —
Quarterly (DYBID)	—	700	—	24,261	34,857	30,779	28,339	4,473	—	14,723	9,143	—
Fire Inspections	500	—	—	102,253	54,025	46,790	109,488	25,675	5,645	27,809	50,359	—
Front St Business Impr (FSBI)	—	60	—	5,421	134	1,150	4,405	384	—	718	3,303	—
Fruitvale Canal Billing (FC)	—	—	100	125	2,985	2,725	385	260	—	25	100	—
Miscellaneous	75	—	—	44,068	35,360	55,180	24,248	10,516	—	2,286	11,445	—
Intergovernmental	350	25	35	453,314	935,467	898,311	490,470	459,165	12,035	19,270	—	—
Traffic Eng./ Engineering	5	—	—	1,520	307,150	307,150	1,520	150	50	1,320	—	—
Parks & Recreation (WEED)	—	20	5	5,998	10,467	7,151	9,314	3,316	—	1,862	4,136	—
Airport	280	—	—	41,984	181,044	173,906	49,122	33,725	1,107	8,881	2,795	2,615
Water/WW Inv & Connections												
City of Yakima	90	—	10	162,052	241,969	237,803	166,218	87,855	—	31,763	46,600	—
Terrace Heights/Union Gap	5	—	—	60,687	352,715	413,402	—	—	—	—	—	—
Sub-total Receivables	1,305	805	430	930,596	2,156,173	2,180,773	905,996	625,519	18,837	114,657	144,368	2,615
Gambling Tax	—	12	—	20,274	265,306	265,806	19,774	—	—	—	15,719	4,055
Total	1,305	817	430	\$ 950,870	\$ 2,421,479	\$ 2,446,579	\$ 925,770	\$ 625,519	\$ 18,837	\$ 114,657	\$ 160,087	\$ 6,670

Installment Receivables	Approximate Billings			Original Principal Balance	Beg Principal Balance	2nd Quarter Activity			Ending Principal Balance	Delinquent		
	M	Q	A			Principal	Interest	Payments		Principal	Interest & Penalties	Total Past Due
LID Assessments	—	—	60	\$ 1,773,787	\$ 127,122	\$ 42,204	\$ —	\$ 42,204	\$ 84,918	\$ 57,440	\$ 83,815	\$ 141,255

Legend: M = Monthly Q = Quarterly A = Annually

Note: Amounts shown net of prepayments

GAMBLING TAX DETAIL

Exhibit II

Account(s) sent to Collection:	1st Quarter Balance
Michael's Tavern (1st - 4th Qtr 13)	\$ 11,938
Michael's Tavern (1st - 2nd Qtr 14)	3,781
	<u>15,719</u>
 Account(s) with payment arrangements set up by Legal:	
Brews & Cues (1st - 4th Qtr 14)	4,055
 Total	 <u><u>\$ 19,774</u></u>

LID ASSESSMENT DETAIL

Exhibit III

LID # - Description	# of Accts	2nd Quarter Activity			Delinquent			
		Beginning Balance	Payments	Ending Balance	Principal	Interest	Penalties	Total Past Due
1052 - Willow Area Water Main	1	\$ 286	—	\$ 286	\$ 285	\$ 390	\$ 489	\$ 1,164
1056 - S. 7th, 8th , & 9th Avenue Sewer	—	682	682	—	—	—	—	—
1057 - N. 84th Avenue & Hawthorne Drive Sewer	3	18,131	—	18,131	18,131	17,955	24,759	60,845
1058 - N. 95th Avenue, 94th Place, W. Yakima Avenue Sewer	1	8,021	3,900	4,121	4,121	3,967	5,304	13,392
1060 - N. 85th Avenue & Kail Drive Sewer	4	15,177	8,696	6,481	—	—	—	—
1061 - Simpson Lane Sewer	38	84,826	28,926	55,900	34,903	14,443	16,508	65,854
Total	47	\$ 127,123	\$ 42,204	\$ 84,919	\$ 57,440	\$ 36,755	\$ 47,060	\$ 141,255