



## **INFORMATIONAL MEMORANDUM**

**TO: Finance Committee**

**FROM: Vicky Carlsen, Finance Director**

**BY: Cindy Wilkins – Fiscal Specialist**

**CC: Mayor Ekberg**

**DATE: September 9/27/2021**

**SUBJECT: Cancellation of Accounts Receivable  
Updated after the Finance Committee Meeting on Monday, September 27,  
2021**

### **ISSUE**

Each year a resolution comes before the Council for the cancellation of uncollectable accounts receivable. For 2021, these items include: False Alarms equaling \$3,950.00, Miscellaneous Billings equals \$1,542.03 for a grand total of \$5,492.03.

### **BACKGROUND**

The process for tracking accounts receivable is quite thorough. The steps below are followed prior to preparation of the attached write-off resolution.

- Invoice is sent to the recipient by the Finance Department payable in 30 days.
- If payment is not received within 30 days, the receivable is forwarded to our collection agency, Armada Corp., and placed into pre-collect status.
- At this time, Armada sends a Delinquency Notice to debtor notifying them of the past-due status of the receivable and asks them to contact the City to make payment. Payments can still be made directly to the City while in pre-collect status.
- Once 30 days has passed in pre-collect status, the receivable then rolls over to active collections. At the onset of active collections, a letter is sent to the debtor notifying them of status change and advising that all payments must now be made through the collection agency.
- When in active collections status, debtor is contacted both by phone and letter. A search is made for assets with which the debt could be satisfied. Once the debt has been in active collections for 45 days, it is then reported to the national credit bureaus.
- The last process in the collections cycle is the pursuit of legal action. This includes attaching checking accounts, garnishments and lawsuits.
- The City will not issue or renew a business license until all outstanding debt owed to the City is paid.
- It should be noted that while a debt may be written off our books: it is still active in Armada's collection process.

### **DISCUSSION**

The proposed amount of the 2021 Cancellation of Accounts Receivable is \$5,492.03. This is an annual housekeeping item.

### **FINANCIAL IMPACT**

The financial impact of cancelling \$5,492.03 will be to reduce our accounts receivable balance by this amount. Please note that while we are writing off the accounts receivable for accounting

purposes., the accounts are still being actively worked for collection purposes with the exception of those accounts where a responsible party cannot be identified. Accounts covered by bankruptcy law cannot be pursued.

**RECOMMENDATION**

The Council is being asked to approve the annual resolution authorizing the cancellation of Accounts Receivable and to forward this item to the Regular Meeting Consent Agenda of 10/4/2021.

**ATTACHMENTS**

Attachment A – 2021 AR Write-Offs 2019 and Prior

**DRAFT**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ORDERING THE CANCELLATION OF PAST DUE ACCOUNTS RECEIVABLE.**

**WHEREAS**, certain receivables and checks have been deemed uncollectable after efforts by both the City and a collection agency have been unsuccessful; and

**WHEREAS**, the City will continue to pursue these receivables when practical;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

**Miscellaneous Accounts Receivable.** The total of \$5,492.03 (per Attachment A) is deemed uncollectable.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Christy O'Flaherty, MMC, City Clerk

\_\_\_\_\_  
Kate Kruller, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: \_\_\_\_\_  
Passed by the City Council: \_\_\_\_\_  
Resolution Number: \_\_\_\_\_

\_\_\_\_\_  
Office of the City Attorney

Attachment A: 2021 AR Write-Offs 2019 and Prior



Attachment A - 2021 AR Write-Offs 2019 and Prior

Acct	Customer Name	Date	Invoice #	Billing Description	GL Account	Amount
TUKSVC	TUKWILA SERVICE CENTER	11/14/18	PD-00192	POLICE FALSE ALARM #5	000.342.800.00.00	200.00
000180	ELECTRONIC SERVICE PROVIDER IN	08/26/19	PF-03930	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
000180	ELECTRONIC SERVICE PROVIDER IN	09/12/19	PF-03951	POLICE FALSE ALARM #4	000.342.800.00.00	200.00
000193	SEATTLE CHAR LLC	04/24/19	PF-03890	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
000193	SEATTLE CHAR LLC	06/13/19	PF-03905	POLICE FALSE ALARM #4	000.342.800.00.00	200.00
000193	SEATTLE CHAR LLC	12/31/19	PF-04018	POLICE FALSE ALARM #5-8	000.342.800.00.00	800.00
000211	PETSMART INC #377	09/13/19	PF-03961	POLICE FALSE ALARM #8-11	000.342.800.00.00	800.00
000248	LOUIE SANFT	12/31/19	PF-04000	POLICE FALSE ALARM #3-6	000.342.800.00.00	150.00
000369	SINGH, TARAN DG FOODS	12/26/19	PF-03997	POLICE FALSE ALARM #5	000.342.800.00.00	200.00
000371	AVURE TECHNOLOGIES	12/31/19	PF-04001	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
000377	LAVENDER LAUNDROMAT LLC	12/31/19	PF-04026	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
000378	TRANG T H DAO	12/31/19	PF-04028	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
LOWES	LOWE'S HOME CENTER LLC #10	08/26/19	PF-03937	POLICE FALSE ALARM #4	000.342.800.00.00	200.00
SIMTH3	SIMPLY THAI	09/13/19	PF-03965	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
SOMALI	SOMGRO INC	10/03/19	PF-03991	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
WWGRAI	WW GRAINGER	12/31/19	PF-04017	POLICE FALSE ALARM #3	000.342.800.00.00	150.00
						\$ 3,950.00
000262	AV HOOD CLEANING LLC	04/09/19	FI-00171	18H205 3/1/19 INSPECTION	401.343.403.00.00	436.44
000359	CURTIS B REEP	10/31/19	PM-00123	WO 21940131 TPD19-4929	401.343.403.00.00	754.93
000311	THALIA NUREKES-LARA	05/22/19	PW-00116	DAMAGED HYDRANT 4300 S 133RD	401.343.403.00.00	350.66
						\$ 1,542.03
				<b>Total Write-offs:</b>		\$ 5,492.03