



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**

FROM: **Tony Cullerton, Interim Finance Director**

BY: **Cindy Wilkins, Fiscal Specialist**

CC: **Mayor McLeod**

DATE: **September 23, 2024**

SUBJECT: **Cancellation of Uncollectable Accounts Receivable**

ISSUE

Each year a resolution comes before the Council for the cancellation of uncollectable accounts receivable. For 2024, these items include:

• Community Development invoice	\$6,000.00
• Fire False Alarms	7,000.00
• Police False Alarms	18,300.00
• Public Works invoices	<u>11,675.11</u>
GRAND TOTAL:	\$42,975.11

BACKGROUND

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

- The Finance Department sends an invoice to a customer, payable in 30 days.
- If payment is not received within 30 days, the receivable is forwarded to our collection agency, Armada, and placed into pre-collect status.
- Next, 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 in pre-collect status have passed, the receivable then rolls over to active collections. At the onset of active collections, a letter is sent to the debtor notifying them of the change in status from pre-collect to active collections and advising that payments must now be made through the collection agency.
- When in active collections status, the 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.
- 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 2024 Cancellation of Accounts Receivable is \$42,975.11. This is an annual housekeeping item.

FINANCIAL IMPACT

The financial impact of cancelling \$42,975.11 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 on for collection purposes except for 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 October 7, 2024.

ATTACHMENTS

Proposed Draft Resolution
Attachment A – 2024 AR Write-Offs
Attachment B – Historical Write-Offs

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

WHEREAS, certain receivables have been deemed uncollectable after efforts by the City have been unsuccessful; and

WHEREAS, the City's collection agency, Armada, 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 \$42,975.11 (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 _____, 2024.

ATTEST/AUTHENTICATED:

Andy Youn, City Clerk

Mohamed Abdi, 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: 2024 AR Write-Offs

Attachment A - 2024 Write-Offs

Customer #	Customer Name	Invoice Date	Invoice	Description	GL Account	Total
C00848	ADAN, MAHAMUD	09/28/2022	CD000012	RELOCATION ASSIST 12471 TIB	CD008300-541008	6,000.00 *
						6,000.00
C00672	HAMPTON HEIGHTS LLLP	04/12/2022	FD000063	22-0041 1/2/22 FIRE FA	FD011100-342800	250.00
C00673	AIRFIELD BUSINESS CENTER	04/12/2022	FD000064	22-0101 1/5/22 FIRE FA	FD011100-342800	250.00
C00674	SOUTHCENTER PLAZA	04/12/2022	FD000066	22-0147 1/6/2022 FIRE FA	FD011100-342800	250.00
C00676	PARKWAY SUPERCENTER	04/12/2022	FD000073	22-0269 1/13/2022 FIRE FA	FD011100-342800	750.00
C00676	PARKWAY SUPERCENTER	05/09/2022	FD000078	21/1/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00400	EVERGREEN HOBBIES INC	05/09/2022	FD000082	2/8/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00672	HAMPTON HEIGHTS LLLP	05/09/2022	FD000083	2/8/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00636	CONFLUENCE APARTMENTS	05/09/2022	FD000088	2/13/22 FIRE FALSE ALARM	FD011100-342800	750.00
C00474	nc mach*	05/09/2022	FD000090	2/14/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00730	MUSEUM OF FLIGHT FOUNDATION	05/09/2022	FD000091	2/15/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00731	PEAKS AT TUKWILA	05/09/2022	FD000092	2/15/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00636	CONFLUENCE APARTMENTS	05/10/2022	FD000100	3/18/22 FIRE FALSE ALARM	FD011100-342800	500.00
C00635	Greater Life Church and Ministries	05/10/2022	FD000104	3/28/22 FIRE FALSE ALARM	FD011100-342800	750.00
C00740	SABEY DATA CENTERS - INTERGATE.SEATTLE	05/04/2022	FD000105	3/17/22 FIRE FALSE ALARM	FD011100-342800	500.00
C00730	MUSEUM OF FLIGHT FOUNDATION	05/04/2022	FD000106	3/21/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00676	PARKWAY SUPERCENTER	05/04/2022	FD000107	3/20/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00674	SOUTHCENTER PLAZA	05/04/2022	FD000108	3/16/22 FIRE FALSE ALARM	FD011100-342800	250.00
C00688	TUKWILA VILLAGE #1	05/04/2022	FD000111	3/11/22 FIRE FALSE ALARM	FD011100-342800	750.00
						7,000.00
C00586	FIDELITY TITLE	03/16/2022	PD000219	12/15/2021 PD FA	PD010100-342800	250.00 *
C00316	AZ TRADING INC	03/16/2022	PD000220	12/18/21 PD FA	PD010100-342800	250.00 *
C00408	GIVING TREE LEARNING CENTER INC	03/16/2022	PD000222	12/27/2021 PD FA	PD010100-342800	250.00 *
C00457	RUDY CUBE LLC	03/16/2022	PD000224	12/3/2021 PD FA	PD010100-342800	250.00 *
C00640	SEA CORP	03/16/2022	PD000232	12/15/2021 PD FA	PD010100-342800	250.00 *
C00481	OLD NAVY LLC	03/16/2022	PD000236	12/4/2021 PD FA	PD010100-342800	250.00 *
C00642	BF FOODS TUKWILA LLC	03/16/2022	PD000238	12/12/2021 PD FA	PD010100-342800	500.00 *
C00644	QDOBA RESTAURANT CORPORATION	03/16/2022	PD000239	12/16/2021 PD FA	PD010100-342800	250.00 *
C01198	RECREATIONAL EQUIPMENT, INC.	03/16/2022	PD000240	12/16/2021 PD FA	PD010100-342800	500.00 *
C00645	ROSS DRESS FOR LESS INC	03/16/2022	PD000242	12/27/2022 PD FA	PD010100-342800	250.00 *
C00650	DHINBILL NUR ALI	03/16/2022	PD000246	12 31/2021 PD FA	PD010100-342800	500.00 *
C00655	TREK RETAIL CORPORATION	03/16/2022	PD000253	12/3/2021 PD FA	PD010100-342800	250.00 *
C00378	VERA WHOLE HEALTH INC	03/16/2022	PD000255	12/27/2021 PD FA	PD010100-342800	250.00 *
C00658	VW GRAINGER INC	03/16/2022	PD000258	12/28/2021 PD FA	PD010100-342800	50.00 *
C01640	UPS SUPPLY CHAIN SOLUTIONS, INC.	04/26/2022	PD000263	#4 1/1/22 PD FA	PD010100-342800	250.00 *
V015500	GLOBAL TO LOCAL HEALTH INITIATIVE	04/26/2022	PD000266	#2 1/30/2022 PD FA	PD010100-342800	250.00 *
C00650	DHINBILL NUR ALI	04/26/2022	PD000268	#9 1/2/2022 PD FA	PD010100-342800	250.00 *
C00482	NEW CINGULAR WIRELESS PCS LLC	04/26/2022	PD000272	#7 1/9/2022 PD FA	PD010100-342800	250.00 *
C00256	SEATTLE CHAR LLC	04/26/2022	PD000273	#5 1/22/22 PD FA	PD010100-342800	500.00 *
C00642	BF FOODS TUKWILA LLC	04/26/2022	PD000277	#4 1/13/2022 PD FA	PD010100-342800	250.00 *
C00473	PETSMART INC #377	04/26/2022	PD000279	#4 1/20/22 PD FA	PD010100-342800	750.00 *

* = Referred to Collections

Attachment A - 2024 Write-Offs

* = Referred to Collections

Customer #	Customer Name	Invoice Date	Invoice	Description	GL Account	Total
C00702	ALLY PLUMBING INC	04/26/2022	PD000293	#2 1/9/22 PD FA	PD010100-342800	500.00 *
C00718	EAN HOLDINGS INC	05/09/2022	PD000345	#2 2/16/22 PD FA	PD010100-342800	250.00 *
C00719	SIMPLY THAI USA INC	05/09/2022	PD000348	#2 2/23/22 PD FA	PD010100-342800	500.00 *
C00640	SEA CORP	05/09/2022	PD000352	#3 2/7/22 PD FA	PD010100-342800	500.00 *
C00688	TUKWILA VILLAGE #1	05/09/2022	PD000355	#5 2/11/22 PD FA	PD010100-342800	500.00 *
C00313	APARTMENT OUTFITTERS OF VIRGIN	05/09/2022	PD000358	#6 2/6/22 PD FA	PD010100-342800	250.00 *
C00749	LANE, PAMELA	07/19/2022	PD000380	#2 4/9 PD FA	PD010100-342800	250.00 *
V011858	SOUND	07/19/2022	PD000383	#4 4/14 PD FA	PD010100-342800	250.00 *
C00399	ENVISTA FORENSICS LLC	07/19/2022	PD000385	#5 3/24 PD FA	PD010100-342800	250.00 *
V015500	GLOBAL TO LOCAL HEALTH INITIATIVE	07/19/2022	PD000389	#3 4/8 PD FA	PD010100-342800	250.00 *
C00650	DHINBILL NUR ALI	07/19/2022	PD000391	#10 3/8 PD FA	PD010100-342800	250.00 *
C00406	FOSTER CREEK APARTMENTS LLC	07/19/2022	PD000395	#3-4 PD FA	PD010100-342800	500.00 *
C00482	NEW CINGULAR WIRELESS PCS LLC	07/19/2022	PD000397	#8 4/29 PD FA	PD010100-342800	250.00 *
C00256	SEATTLE CHAR LLC	07/19/2022	PD000400	#7 & 8 PD FA	PD010100-342800	500.00 *
C00473	PETSMART INC #377	07/19/2022	PD000404	#7 -9 PD FA	PD010100-342800	750.00 *
C00315	ASHLEY FURNITURE PARTNERS LLC	07/19/2022	PD000405	PD FA	PD010100-342800	1,000.00 *
C01132	VIDEO ONLY, INC.	07/19/2022	PD000409	#4 3/30 PD FA	PD010100-342800	250.00 *
C00636	CONFLUENCE APARTMENTS	07/19/2022	PD000414	#3-4 PD FA	PD010100-342800	500.00 *
C00253	SKYGROUP INVESTMENTS LLC	07/19/2022	PD000415	#2-3 PD FA	PD010100-342800	500.00 *
C00384	TUKWILA VILLAGE PHASE 2 OPPORT	07/26/2022	PD000418	#7 3/6 PD FA	PD010100-342800	250.00 *
C00726	CLAIM JUMPER ACQUISITION COMPANY LLC	07/26/2022	PD000422	#2 3/9 PD FA	PD010100-342800	250.00 *
C00812	SUMA PERFORMANCE LLC	07/26/2022	PD000427	#2 & 3 PD FA	PD010100-342800	500.00 *
V011858	SOUND	07/19/2022	PD000429	#10 3/6 PD FA	PD010100-342800	250.00 *
C00702	ALLY PLUMBING INC	07/19/2022	PD000430	#4-5 PD FA	PD010100-342800	500.00 *
C00572	COWLITZ TRIBAL HEALTH	07/19/2022	PD000431	#9-10 PD FA	PD010100-342800	500.00 *
C00378	VERA WHOLE HEALTH INC	07/19/2022	PD000432	#4 4/17 PD FA	PD010100-342800	250.00 *
C00814	YGS WEST LLC	07/19/2022	PD000433	#4 4/10 PD FA	PD010100-342800	250.00 *
C00658	WW GRAINGER INC	07/19/2022	PD000434	#4-5 PD FA	PD010100-342800	250.00 *
C00348	CORPORATION OF THE CATHOLIC CHURCH	07/19/2022	PD000435	#6 4/17 PD FA	PD010100-342800	250.00 *
C00815	WORKSITE LABS INC	07/19/2022	PD000436	#2 3/26 PD FA	PD010100-342800	250.00 *
C00816	BENLA WATER HEATERS INC	07/19/2022	PD000437	#2 4/12 PD FA	PD010100-342800	250.00 *
						18,300.00
C00571	ATWORK! COMMERCIAL ENTERPRISES LLC	12/20/2023	PW000223	Use of temp 2.5" Hydrant Meter	PW401800-343401	10,890.65 *
C01555	SEFNCO COMMUNICATIONS, INC.	07/06/2022	PW000061	Adj Deposit/Rev WO 2204112	PW401800-343402	423.28 *
C02062	BRETT MCDONOUGH	10/16/2023	FN000283	Adj Deposit/Revenue D21-05154	PW401801-379002	159.11 *
C02063	BLUE PEARL MANAGEMENT LLC	10/16/2023	FN000285	Adj Deposit/Revenue D22-0053	PW401801-379002	159.11 *
C00846	DESIMONE TRUST OXBOW	09/21/2022	PW000087	Adj Deposit/Rev WO 22240104	PW401801-379002	42.96 *
						11,675.11
Grand Total:					\$ 42,975.11	

Attachment B - Historical Write-Offs

Resolution 1843	2014	\$ 36,240.62
Resolution 1865	2015	\$ 27,887.91
Resolution 1893	2016	\$ 47,680.46
Resolution 1916	2017	\$ 9,005.25
Resolution 1948	2018	\$ 12,832.35
Resolution 1969	2019	\$ 53,109.56
Resolution 2001	2020	\$ 17,285.74
Resolution 2031	2021	\$ 5,492.03
Resolution 2051	2022	\$ 34,324.45
Resolution 2078	2023	\$ 70,835.55