



Administrative Policies and Procedures

Policy Title: Accounts Receivable Collection	Policy Number: 509
Effective: 8/07	
Supersedes: APR #509, dated 9/92	
Approval:	Page 1 of 3

1. Purpose

To provide consistent collection guidelines and to ensure fair and equitable treatment to all persons while enabling the City to maximize its collection of Accounts Receivable.

2. Policy

- 2.1 In accordance with City Charter, no Service Area will enter into contracts or provide services to business or persons that are delinquent 60 days or more on payments due to the City. Additionally, no Service Area shall issue credit to a customer who has had previous invoices written off until payment is made in full.
- 2.2 Service Area requirements to issue an invoice:
 - 2.2.1 The Service Area entering the receivable document into the financial system shall provide the complete legal name and address of the company or precise customer name and an accurate address.
 - 2.2.2 The Service Area shall prepare receivable documents within 10 working days after the date the work/service was completed.
 - 2.2.3 The Service Area shall keep a file of all backup documentation related to the invoice (work orders, job logs, complaint forms, supply requests, etc). The

documentation should explain what service was performed, for whom it was performed, when and why.

2.3 Service Area collection responsibilities and processes:

- 2.3.1 The Service Area shall review its Outstanding Receivable Detail Report by Agency on a monthly basis. For all invoices 30 days past due, the Service Area shall contact the customer by telephone to determine when the invoice will be paid or whether there is a dispute regarding the work performed or amount due. For invoices eligible to be placed on the tax roll, this step can be omitted. The Service Area must document the date and time of the call, telephone number dialed, name of contact person and a summary of the conversation. The Service Area may send a collection letter at 30 days past due in addition to telephone contact, if so desired. Send all correspondence in an envelope marked "Address Correction Requested." If the correspondence is returned then the service area is required to save the envelope. It may be needed in court action.
- 2.3.2 Any disputes, which can be corrected by the Service Area, shall be resolved in a timely manner. (Examples: the customer needs a copy of the invoice, a credit memo is issued for a party which was billed for a prepaid service, a credit memo is issued to the incorrect party billed and a new receivable is issued to the correct party, etc.)
- 2.3.3 If the customer address is incorrect, the Service Area shall investigate to obtain a correct one. The Accounting Services Unit should be notified immediately of any new addresses obtained for an existing customer.
- 2.3.4 When invoices based on landlord/tenant leases become 45 days past due, the Service Area shall forward all supporting documentation to the City Attorney, or his or her designated representative, for further collection efforts. A service area wanting to employ alternate collection procedures must submit these procedures in writing to the City Attorney for approval.
- 2.3.5 Invoices may be placed upon the tax roll if the service provided or work performed results in an improvement to a particular piece of real property. Contact the City Attorney's Office if you are uncertain whether an invoice can be placed on the tax roll. The Service Area shall notify the Accounting Services Unit which invoices are eligible when the invoice becomes 45 days past due. If service area efforts to collect the invoice fail, then the appropriate steps should be taken to place the invoice on the next available tax roll. The Service Area shall follow the method stated in "Recommended Procedure for Placing Delinquent Invoices on The Tax Roll" (attached) to ensure complete and consistent information is provided to the City Treasurer.

- 2.3.6 When invoices that may not be placed upon the tax roll become 45 days past due, the service area shall forward all supporting documentation to the City Attorney for further collection efforts.
- 2.3.7 The Service Area shall cooperate fully, and respond promptly to any requests for information from the Accounting Services Unit or the City Attorney related to the collection of delinquent invoices.
- 2.4 City Attorney's Office Collection Process - Upon review of the case, the City Attorney shall recommend a course of action to the Service Area/Unit. The City Attorney, or designated representative, is authorized to initiate any legal action appropriate to collect the invoice.

RECOMMENDED PROCEDURE FOR
PLACING DELINQUENT INVOICES ON THE TAX ROLL

- I. To present a resolution to Council:
 - A. Identify delinquent invoices which can be placed on the tax roll. Refer to the City Code book, City Ordinance Chapter 13, section 1:292, or specific ordinances relating to your type of invoice. Customers who are in bankruptcy cannot have their delinquent invoices placed on the tax roll. Questions regarding bankrupt customers should be addressed to the City Attorney's office.
 - B. Call the City Clerk's Office to get the date of the next Council Meeting at least 35 days in advance. The following deadlines by which all action to place items on the tax roll must be completed and approved by Council are:
 1. Last week in May for July Tax Roll.
 2. Last week in October for December Tax Roll.
 - C. Prepare a letter (see attachment A for sample) to each customer stating:
 1. That invoice(s) dated ___ in the amount of \$ ___ remain outstanding.
 2. If the invoice is not paid by _____ (the date of the Council meeting, which must be at least 30 days in advance), a Resolution shall be presented to City Council to place the charge on the next tax roll.
 - D. Mail the letters by certified mail.
 - E. Write a Resolution (see attachment B) to place the delinquent invoices on the tax roll. Include a cover letter (see attachment C) and a schedule (see attachment D) of the invoices to be placed on the tax roll. The schedule **must** include the Assessor Code, the property address, the invoice number and amount, the owner's name, and a grand total of the invoice amounts. The items **must** be listed in order by property address. Provide this information in an Excel file format to the City Treasurer in addition to the attachment to the resolution.
 - F. Have the Service Area Administrator review your Resolution and cover letter, and he/she will forward it accordingly.
 - G. Send a copy of the drafted Resolution (with schedule attached) to the City Treasurer's Office.

II. After the resolution has passed Council:

- A. Prepare a letter to the customer informing them that the Resolution passed Council on ____ date, and that if the invoice remains unpaid by ____ date (thirty days after the date the Resolution passed) a 10% penalty fee will be added and the new total will be charged against the property on the next tax roll.
- B. Mail the letters by certified mail.
- C. Modify the schedule you attached to the Resolution to include a new column showing the invoice balance due with the 10% penalty added. There should be subtotals for all invoices to one Assessor Code number, and a grand total at the bottom of this column. Send a copy of this schedule (see attachment C) to the City Treasurer, along with a copy of the Resolution providing the date the Resolution passed Council, and the Resolution number.

ATTACHMENT A

Date

Name

Address

City, State, Zip Code

Dear _____:

The City Assessor's records show that you are the owner of record for the property at _____, assessor code #_____.

On _____ the City of Ann Arbor found you to be in violation of City Ordinance Chapter 49, thus giving the City cause to have ice/snow removed from the sidewalk(s) for the above listed property.

On _____ a bill for the removal of the ice/snow from the sidewalk(s) by City of Ann Arbor employees was submitted to you, in the amount of \$_____. To date this bill remains outstanding.

You are hereby notified as the owner of record that the above charge of \$_____ if unpaid as of (the date of the council meeting), will be presented to City Council via Resolution requesting it be placed on the December tax roll of the City pursuant to City Ordinance Code (Chapter 49, Section 4:60-4:63).

If there are any questions related to the charges described above, they should be directed to _____.

Sincerely,

Preparer of Letter

Service Area

Cc: Accounting Services Unit
Attorney's Office

ATTACHMENT B

Resolution to Transfer Delinquent Board Up, Clean Up, Vacant Property Inspection and Housing Inspection Fees to the December 2006 City Tax Roll

Whereas, There were unpaid charges for board up, clean up, vacant property inspection and housing inspections of private properties within the City as of June 30, 2006;

Whereas, In accordance with Chapter 13, Section 1 :292 of the Ann Arbor City Code, notice has been sent to all property owners with delinquent charges advising them of the impending special assessment against their property unless the fees are paid on or before September 9, 2006; and

Whereas, The City Clerk has a list of the unpaid charges on file, a copy of which is attached and incorporated as "Schedule A";

RESOLVED, That the unpaid charges be levied as special assessments against such owners and premises according to the attached "Schedule A" together with an additional penalty charge of 10% of the total unpaid, as provided in Chapter 13, Section 1 :292 of the Ann Arbor City Code; and

RESOLVED, That the City Assessor place the charges and penalties on the next tax roll of the City, and that such charges and penalties be collected in the same manner as general City taxes.

Submitted by: Financial and Administrative Services
Approved by: City Attorney

ATTACHMENT C

MEMORANDUM

TO: Mayor and Council

FROM: Tom Crawford, Chief Financial Officer

DATE: September 18, 2006

SUBJECT: Resolution to Transfer Delinquent Board Up, Clean Up, Vacant Property Inspection and Housing Inspection Fees to the December 2006 City Tax Roll

The Resolution before you is to approve the transfer of delinquent board up, clean up, vacant property inspection and housing inspection fees to the December, 2006 tax roll. This is an annual process that provides a mechanism for the City to collect unpaid board up, clean up, vacant property inspection and housing inspection fees provided for in Chapters 101 and 105.

Prior to 1974, the City had a large amount of unpaid housing inspection fees. There was no method whereby these fees could be recovered until the next periodic inspection cycle. This resulted in the City carrying large debts for a period of up to three years. The Housing Code was amended to permit the unpaid inspection fees to be assessed against the premises consistent with the procedures of Chapter 13, Section 1:292 of City Code in Chapter 105, Section 8:511 (1)(f). The code was also amended in 1999 to allow costs for emergency repairs or board-up of buildings to be collected in the same manner. This amendment was added for cases where an owner is unresponsive and the City causes the work to be done (Chapter 101, Section 8:390). Since the Code was amended, the City has taken action to transfer the delinquent fees to the tax roll on a regular basis following the prescribed procedures as indicated in the attached Resolution.

The amount to be submitted for the December, 2006 tax roll is \$78,844.40 (\$86,728.84 with the 10% penalty fee).

Passage of this Resolution will permit the inclusion of these fees on the December 2006 tax roll thereby allowing the City to recover the costs for these services. Passage of the Resolution is recommended.

Prepared by: Matthew V. Horning, Treasurer

Reviewed by: Tom Crawford, Chief Financial Officer

Approved by: Roger W. Fraser, City Administrator

ATTACHMENT D

SCHEOULE A DELINQUENT HOUSING FEES TAXROLL - DECEMBER 2006

Assessor Code	Billing Code	Customer Code	Property Address	Receivable Amount	Receivable Number	Receivable Date	Receivable Due Date	Balance Due (w/10% penalty)
09-08-24-406-019	3320	WALL236516	3010 Dexter Ave	\$ 64.00	25245	9/19/2005	10/19/2005	\$ 70.40
09-08-25-1 01-003	3320	FIVE624504	2800 Jackson Ave.	\$ 60.00	23659	6/21/2005	7/21/2005	\$ 66.00
09-08-25-101-003	3320	FIVE624504	2800 Jackson Ave.	\$ 64.00	25247	9/19/2005	10/19/2005	\$ 70.40
09-08-25-221-004	3320	HORV662382	60 Westover Ave	\$ 84.00	23439	6/9/2005	7/9/2005	\$ 92.40
09-09-10-300-077	3320	CONK465310	3169 Shamrock Ct.	\$ 86.00	26762	11/16/2005	12/18/2005	\$ 94.60
09-09-14-100-137	3320	LA TE446578	3341 Burbank Dr.	\$ 86.00	28678	2/1/2006	3/3/2006	\$ 94.60
09-09-14-100-349	3320	TARI315890	3368 Burbank Dr	\$ 86.00	28631	1/26/2006	2/25/2006	\$ 94.60
09-09-14-211-015	3320	PETR466741	3440 Yellowstone	\$ 86.00	26245	11/3/2005	12/3/2005	\$ 94.60
09-09-15-407-028	3320	LAU0355113	2625 Shefman	\$ 60.00	23651	6/21/2005	7/21/2005	\$ 66.00
09-09-15-407-028	3320	LAUD355113	2625 Shefman	\$ 60.00	25339	9/19/2005	10/19/2005	\$ 66.00
09-09-19-302 -01 0	3320	OZOR284404	1028 Hasper Dr.	\$ 76.00	26418	11/8/2005	12/10/2005	\$ 83.60
09-09-19-308-040	3320	MA TE536546	2229 Walter	\$ 198.00	28671	2/1/2006	3/3/2006	\$ 217.80
09-09-20-100-005	3320	HAWK416711	1257 N Main St.	\$ 60.00	23668	6/21/2005	7/21/2005	\$ 66.00
09-09-20-100-005	3320	HAWK416711	1257 N Main St	\$ 60.00	25328	9/19/2005	10/19/2005	\$ 66.00
09-09-20-100-005	3320	HAWK416711	1251/1257 N MAIN ST	\$ 64.00	27897	1/4/2006	2/3/2006	\$ 70.40
09-09-20-100-005	3320	HAWK416711	1251/57 N Main St.	\$ 64.00	29326	2/23/2006	3/27/2006	\$ 70.40
09-09-20-301-036	3320	MCHU536607	1018/1020 Fountain St	\$ 172.00	29038	2/15/2006	3/17/2006	\$ 189.20
09-09-20-301-040	3320	01CK765777	1002 Fountain St.	\$ 86.00	29498	3/4/2006	4/7/2006	\$ 94.60
09-09-20-302-012	3320	NUTT292186	905 FOUNTAIN	\$ 56.00	21839	3/30/2005	4/29/2005	\$ 61.60
09-09-20-302-016	3320	OZOR284404	1007 Fountain St.	\$ 252.00	24971	9/6/2005	10/6/2005	\$ 277.20
09-09-20-302-016	3320	OZOR284404	1007 Fountain St	\$ 86.00	29036	2/15/2006	3/17/2006	\$ 94.60
09-09-20-302-028	3320	RIOU474210	603 Robin Road	\$ 86.00	26128	11/1/2005	12/3/2005	\$ 94.60
09-09-20-304-002	3320	WHIT282205	809 Gatt St	\$ 60.00	23648	6/21/2005	7/21/2005	\$ 66.00
09-09-20-304-002	3320	WHIT282205	809 Gatt St	\$ 60.00	25249	9/19/2005	10/19/2005	\$ 66.00
09-09-20-304-002	3320	WHIT282205	809 GOTT ST	\$ 64.00	27884	1/4/2006	2/3/2006	\$ 70.40
09-09-20-304-002	3320	WHIT282205	809 Gatt St	\$ 64.00	29335	2/23/2006	3/27/2006	\$ 70.40
09-09-20-309-011	3320	RIOU474210	745 Gott St.	\$ 84.00	24974	9/6/2005	10/6/2005	\$ 92.40
09-09-20-309-012	3320	MA TU 115768	741 Gott St.	\$ 86.00	26932	11/18/2005	12/28/2005	\$ 94.60
09-09-20-316-005	3320	0000107202	727 Spring St.	\$ 90.00	28661	2/1/2006	3/3/2006	\$ 99.00
09-09-20-316-005	3320	0000107202	727 Spring St.	\$ 86.00	30492	4/20/2006	5/25/2006	\$ 94.60
09-09-20-316-025	3320	0000107202	504 Hiscock St.	\$ 222.00	25998	10/27/2005	11/27/2005	\$ 244.20
09-09-20-317 -004	3320	SIMM121690	302 Hiscock	\$ 460.60	23526	6/15/2005	7/15/2005	\$ 506.66
09-09-20-317 -004	3320	SIMM121690	302 Hiscock	\$ 340.00	24110	7/29/2005	8/28/2005	\$ 374.00
09-09-20-318-003	3320	MANE663825	612 Spring St	\$ 172.00	29255	2/20/2006	3/24/2006	\$ 189.20
09-09-20-405-026	3320	OAVA536513	200 W Summit St	\$ 60.00	25253	9/19/2005	10/19/2005	\$ 66.00