



AGENDA SUMMARY EUREKA CITY COUNCIL

TITLE: ACCOUNTS RECEIVABLE WRITE-OFF

DEPARTMENT: Finance

PREPARED BY: Lane Millar

PRESENTED FOR: Action Information only Discussion/Direction

RECOMMENDATION

Approve the write-off of accounts deemed uncollectable as of June 30th, 2023 and any related interest charges to date.

FISCAL IMPACT

No Fiscal Impact

Included in Budget

Additional Appropriation

DISCUSSION

Every year the Finance Department analyzes Account Receivable (AR) accounts to determine the collectability of any unpaid balances. To determine collectability, the Department scrutinizes accounts after the fiscal year end closing which is 90 days after June 30th. If any account was 120 day over-due on June 30th and nothing has been paid by the year-end closing date, the account is then considered unlikely to be collected and we adjust off 90% of the balance by booking an allowance for doubtful accounts. This entry is booked as an expense and therefore has a negative effect on fund balance.

Subsequently, once an allowance has been established, there comes a point when the allowance needs to be reversed and the AR account balance written-off. Write-offs require additional analysis and the Finance Department typically uses the expertise of other City staff to determine if in fact the account is truly uncollectable.

The attachment provided with this report itemizes the AR accounts to be written off. Most of the accounts are derived from Code Enforcement activities related to residential property fines, fee and abatements. Typically, these accounts can become uncollectable due to death, settled cases, and property sales.

Attachment:

FY2022-23 Account Receivable Write-off.pdf

REVIEWED AND APPROVED BY:

- City Attorney
- City Clerk/Information Services
- Community Services
- Development Services
- Finance
- Fire
- Personnel
- Police
- Public Works