Agenda Report

Fullerton City Council

MEETING DATE: **JULY 21, 2026**

TO: **CITY COUNCIL / SUCCESSOR AGENCY**

SUBMITTED BY: **STEVEN AVALOS, INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES**

PREPARED BY: **JULIO ORTEGA, REVENUE OPERATIONS MANAGER**

NOAH HYUN, ADMINISTRATIVE ANALYST I

KEVIN FAYERS, ACCOUNTING TECHNICIAN

SUBJECT: **FISCAL YEAR 2025-26 ANNUAL ACCOUNTS RECEIVABLE WRITE-OFF REPORT**

SUMMARY

This report provides the annual summary of delinquent accounts receivable write-offs approved pursuant to Resolution No. 2023-017 and requests City Council write-off approval of one delinquent account receivable exceeding the City Manager's delegated authority.

PROPOSED MOTION

1. Receive and file delinquent accounts receivable balances under $50,000 approved for write-off by the City Manager for FY 2025-26.
2. Approve one delinquent account receivable balance totaling $72,704.05.

ALTERNATIVE OPTIONS

- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

FISCAL IMPACT

The City Manager approved delinquent accounts receivable write-offs totaling $177,027.66 during Fiscal Year 2025-26, including $95,490.33 attributable to the General Fund. Staff requests City Council approval to write off one remaining property damage receivable totaling $72,704.05 within the Equipment Maintenance Fund (Fund 67).

The proposed write-offs do not require additional appropriation and do not increase General Fund expenditures. Rather, they represent the accounting removal of receivables determined uncollectible after exhausting reasonable collection efforts. The Fiscal Year 2025-26 audited City financial statements will reflect the write-offs in accordance with generally accepted accounting principles.

DISCUSSION

City Council adopted Resolution No. 2023-017 on March 7, 2023 authorizing the City Manager to approve writing-off delinquent accounts receivable balances under $50,000 deemed uncollectible. The resolution requires staff to provide City Council with an annual report summarizing all write-offs approved under the City Manager authority. Accounts receivable balances exceeding $50,000 continue to require City Council approval prior to write-off.

Staff reviews outstanding accounts receivable as part of the year-end financial reporting process to evaluate collectability. Accounts recommended for write-off have undergone reasonable collection efforts and staff determined as uncollectible due to factors such as exhausted collection remedies, expiration of the statute of limitations or unrecoverable balances remaining after insurance settlements. Removing these balances from City financial records is an accounting requirement to ensure the audited financial statements accurately reflect collectible assets.

The City Manager approved writing-off 94 delinquent accounts totaling $177,027.66 for Fiscal Year 2025-26, consistent with authority granted under Resolution No. 2023-017. The write-offs include unpaid airport lease fees, fire permit fees, wastewater discharge permit fees, property damage claims and public works receivables. Attachment 1 lists the write-offs in detail.

Staff also requests City Council approve writing-off one remaining $72,704.05 balance associated with a property damage claim in the Equipment Maintenance Fund. The original claim totaled $113,704.05. The City recovered $41,000 through insurance settlement proceeds, reducing the outstanding balance to $72,704.05. The remaining balance exceeds the City Manager approval authority and requires City Council approval before writing-off the receivable .

If approved, total accounts receivable write-offs for Fiscal Year 2025-26 will equal $249,731.71 and will be reflected in the City audited financial statements.

<u>Attachments:</u>

- Attachment 1 – FY 2025-26 Write-Off Report

cc: City Manager Eddie Manfro