

RESOLUTION NO. 2026-_____

AUTHORIZE THE INTERIM CITY MANAGER TO EXECUTE THE WRITE-OFF OF UNCOLLECTIBLE UTILITY BILLING BAD DEBTS FOR THE YEARS 2017 THROUGH 2021, APPROVE THE TOTAL WRITE-OFF AMOUNT OF \$1,573,855.04, AND APPROVE APPROPRIATIONS OF \$1,292,718 (IS-FIN)

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WHEREAS, the Finance Department, through its Revenue Division, is responsible for administering and processing the write-off of accounts deemed uncollectible; and

WHEREAS, the Electric Utility, Public Works, and Finance departments utilize the City's utility billing system to assess and collect fees, fines, and service charges; and

WHEREAS, outstanding balances that remain in the General Ledger after all reasonable collection efforts have been exhausted result in overstated receivables and inaccurate financial reporting; and

WHEREAS, in accordance with standard governmental accounting practices, accounts determined to be uncollectible must be formally written off through an approved process; and

WHEREAS, the utility billing module within Tyler Munis has not undergone a comprehensive write-off process since its implementation; and

WHEREAS, staff has reconciled outstanding balances and determined that certain accounts from fiscal years 2017 through 2021 are uncollectible and appropriate for write-off in order to ensure that financial records accurately reflect collectible balances; and

WHEREAS, appropriations are requested to increase expenditures of \$1,292,718 to the following accounts:

- 10095000-72310 - \$65,880
- 50060001-72310 - \$810,950
- 53053001-72310 - \$237,421
- 56052001-72310 - \$178,467

WHEREAS, staff anticipates one additional comprehensive write-off covering fiscal years 2022 through 2025 in order to fully bring the utility module current and align receivable balances with collectible amounts;

WHEREAS, the City maintains a structured monthly collection process consisting of in-house collection efforts, referral to an external collection agency, and final write-off of uncollectible accounts; and

WHEREAS, debts are pursued internally for forty-five (45) days after the due date, and if payment is not received, the account is referred to an external collection agency for additional collection efforts, including collection notices and active recovery measures; and

WHEREAS, after four (4) years of non-payment, remaining uncollectible accounts are written off in the City's financial system in accordance with the City's established write-off policy; and

WHEREAS, there are instances where it becomes impractical, uneconomical, or inappropriate to continue pursuing a debt, and it is more cost-effective to authorize a write-off rather than incur additional administrative or legal expenses; and

WHEREAS, at the discretion of the City Council or City Manager, debt may be written off under the following circumstances:

- a) The debtor has vacated the address and cannot be located;
- b) The amount owed is too small to justify legal action or is not economically viable to pursue;
- c) The debtor is deceased and the amount is uncollectible;
- d) The debtor has filed for bankruptcy;
- e) The Revenue Division has determined the debt is not collectible; or
- f) The debt is subject to a legal judgment or court order decision; and

WHEREAS, the total recommended write-off for fiscal years 2017 through 2021 is \$1,573,855.04, representing an accumulation of uncollectible utility accounts from prior years; and

WHEREAS, staff anticipates that future write-off amounts will decline due to enhanced collection procedures and continued diligence in recovery efforts.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby:

1. Approve the write-off of uncollectible utility accounts for fiscal years 2017 through 2021 in the total amount of \$1,573,855.04; and
2. Authorize and direct the Finance Department to process the approved write-offs within the City's financial system; and
3. Following completion of this write-off, approve the Finance Department implementation of routine and timely write-off procedures to maintain accurate financial records and ensure ongoing compliance with established accounting standards and City policy.

Dated: March 4, 2026

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I hereby certify that Resolution No. 2026-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 4, 2026, by the following votes:

AYES: COUNCIL MEMBERS –
NOES: COUNCIL MEMBERS –
ABSENT: COUNCIL MEMBERS –
ABSTAIN: COUNCIL MEMBERS –

OLIVIA NASHED
City Clerk

2026-_____