Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at www.oxnard.org.

AGENDA
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Council Chambers, 305 West Third Street
July 28, 2020
Regular Meeting - 9:30 to 10:45 AM

This meeting is held pursuant to the State Emergency Services Act, the Governor's Emergency Declaration, and Governor's Executive Order N-29-20 to allow members of the City Council or staff to participate via teleconference.

Pursuant to the Ventura County Public Health Official's order and Governor's Executive Order N-33-20, all city buildings are temporarily closed to the public. The public is encouraged to view the meeting from home on the City's website at Oxnard.org/city-meetings, Spectrum channel 10, Frontier channel 35, or YouTube at Youtube.com/oxnardnews. Video recordings are typically available online immediately following the meeting.

The public may provide comments to the City Council via email at cityclerk@oxnard.org no later than 8:00 a.m. on the day of the meeting. Please identify the committee name, meeting date, and agenda item in the email Subject line.

A telephone option for public comments is also available at this time due to the State of California "Stay At Home" order. Requests to speak must be submitted no later than 8:00 a.m. on the day of the meeting. Use the form on the city's website to submit your request: Oxnard.org/city-meetings, or call the City Clerk's Office at (805) 385-7803, or email your request to cityclerk@oxnard.org.

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of fifteen minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker requests shall be submitted as set forth on the first page of this agenda. Based on the number of speaker requests submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to two minutes, but shorter time may be established as deemed necessary. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager for administrative action or scheduled on a subsequent agenda for discussion.

C. CONSENT AGENDA

1. City Clerk Department

   SUBJECT: Approval of Minutes.

   RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the July 14, 2020 regular meeting as presented.

   Contact: Michelle Ascencion, (805) 385-7805

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

Agenda Item time estimates: (Staff Presentation / Committee Discussion / Public Comment)

D. REPORTS

1. Finance Department

SUBJECT: Accounts Receivable Clean-Up. (10/10/5)

RECOMMENDATION: That the Finance and Governance Committee recommend that City Council approve writing off accounts receivable for three individual customer accounts totaling $138,736 with aging between 11 and 14 years.

Contact: Kevin Riper, (805) 385-7475

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT

M I N U T E S
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Regular Meeting
July 14, 2020

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 9:33 a.m., Chair Flynn called to order the regular meeting of the Oxnard City Council Finance and Governance Committee in the City Hall Council Chambers at 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Members Vianey Lopez, Bert E. Perello, and Chair Tim Flynn were present via videoconference.

Staff members present were Shiri Klima, Deputy City Manager; Stephen M. Fischer, City Attorney; Alexander Nguyen, City Manager; Christine Williams, Senior Manager - Internal Controls; Keith Brooks, Chief Information Officer; Phillip Molina, City Treasurer; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA (None received.)

C. CONSENT AGENDA

City Clerk Department

1. SUBJECT: Approval of Minutes.
RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the June 23, 2020 regular meeting as presented.

It was moved by Member Perello, seconded by Member Lopez, to approve the minutes as presented. VOTE: Flynn, Lopez, and Perello voted in favor; the motion carried 3-0.

D. REPORTS

Finance Department

1. SUBJECT: Presentation of Internal Control - Integrated Framework.
RECOMMENDATION: That the Finance and Governance Committee receive a presentation on the Internal Control – Integrated Framework (ICIF), provide feedback on such framework and associated proposed policies, and give authorization for staff to present the item to City Council to adopt the following four framework implementing policies and approve the ICIF:
1) FPOL 1.01 Adoption of Internal Control – Integrated Framework
2) FPOL 1.02 Adoption of Internal Control Oversight Responsibilities
3) FPOL 1.03 Internal Control - Finance and Governance Committee Duties and Responsibilities
4) FPOL 1.04 Assignment of Authority and Responsibility for Achieving Operational, Reporting and Compliance Objectives
5) City of Oxnard, California Internal Control – Integrated Framework.

The Senior Manager - Internal Controls gave a report. Discussion ensued among the Committee and staff.

It was moved by Member Lopez, seconded by Member Perello, to approve the recommended action as presented. VOTE: Flynn, Lopez, and Perello voted in favor; the motion carried 3-0.

Information Technology Department

2. SUBJECT: Response to Grand Jury Report, "Cybersecurity Strategies for Cities in Ventura County."
   RECOMMENDATION: That the Finance and Governance Committee recommend the City Council authorizes the Mayor, the City Manager, and the Chief Information Officer to respond on behalf of the City Council, to the Grand Jury Report titled "Cybersecurity Strategies for Cities in Ventura County" dated May 21, 2020, in the form included as the attachment titled "Response To Grand Jury Report Form."

The Chief Information Officer gave a report. Written comments were received from Debbie Mitchell. Discussion ensued among the Committee and staff.

It was moved by Member Perello, seconded by Member Lopez, to approve the recommended action as presented. VOTE: Flynn, Lopez, and Perello voted in favor; the motion carried 3-0.

City Manager Department

3. SUBJECT: Annual Delegation of Investment Authority and Investment Policy.
   RECOMMENDATION: That the Finance and Governance Committee recommend the City Council adopt a resolution:
   1. Delegating investment authority to the City Treasurer; and
   2. Adopting the FY 2020-21 investment policy for the City.

The Deputy City Manager gave a report. Discussion ensued among the Committee and staff.

It was moved by Member Lopez, seconded by Member Perello, to approve the recommended action as presented. VOTE: Flynn, Lopez, and Perello voted in favor; the motion carried 3-0.

E. ITEMS FOR FUTURE AGENDAS

Chair Flynn requested that the Committee review its list of previous requests for future agenda items in order to prioritize and/or eliminate items.

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Flynn adjourned the meeting at 10:51 a.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Chair

CITY OF OXNARD CALIFORNIA

FINANCE AND GOVERNANCE COMMITTEE
AGENDA REPORT

REPORTS
AGENDA ITEM NO. D.1

DATE: July 28, 2020

TO: Finance & Governance Committee

FROM: Kevin Riper, Chief Financial Officer, (805) 385-7475, kevin.riper@oxnard.org

SUBJECT: Accounts Receivable Clean-Up. (10/10/5)

RECOMMENDATION

That the Finance and Governance Committee recommend that City Council approve writing off accounts receivable for three individual customer accounts totaling $138,736 with aging between 11 and 14 years.

BACKGROUND

Prior audits have recommended that the City write off old debt that has been determined to be uncollectible. As part of the implementation of the 128 recommendations outlined in the organizational assessment, staff from the Finance Department, City Treasurer's Office, City Manager's Office and City Attorney's Office drafted for City Council approval a new policy titled "Accounts Receivable and Bad Debt Policy and Procedures." A charge off of uncollected accounts receivables from the City's accounting records does not constitute forgiveness of the debt or a gift of public funds.

Resolution No. 15,281, which was adopted on November 19, 2019, established that writing off accounts receivable must be approved by the City Council, except when the amount of any individual account is less than $25,000, in which case the City Manager may approve the charge off.

DISCUSSION

During a detailed review by the Finance Department of the City's accounts receivable aging, 999 customer accounts (of 18,324 accounts in Finance today) totaling $683,924 were identified that are deemed uncollectible as the statute of limitations has expired. These accounts are for DUIs, false alarms, property damage, and so forth. The aging of these receivables is between 6 and 20 years old.

Extensive collection efforts were made by the City Attorney's Office on these accounts, including sending out 10-day-to-pay notices as well as pursuing unpaid amounts in small claims court.

The City Manager has approved writing off the 996 individual accounts listed above as less than $25,000 each. Additionally, the City Manager also approved the write-off of uncollectible receivables from Water, Wastewater and Environmental Resources, representing 483 accounts (of 129,343 utility accounts in Billing and Licensing today) with individual balances below $25,000 that are past due by two years. The total value of these utility accounts is $193,439.71. Staff is requesting the Council to approve the write-off of the following three accounts over $25,000.

Customer	Receivable	Aging	Description
Customer #7294	$25,781	14 years	Property damage
Customer #8773	$35,755	11 years	Vehicle damage
Customer #8667	$77,200	11 years	Property damage

Staff has limited information on these three accounts. Customer #7294's account is regarding property damage. In January 2007, the then-City Attorney decided the case was not worth pursuing as the amount owed exceeded the small claims jurisdictional limit, and the cost of a civil trial would outweigh any possible return. If the City were to prevail, this customer had no insurance and held no assets (i.e., the customer was "judgment proof"). Customer #8773's account is for vehicle damage. The court reduced the amount of damage by $17,714.46, and the judgment for the balance has expired. Customer #8667's account is for property damage. This receivable was not brought to the collection program to pursue judgment or collection; staff does not know why this step was not taken 11 years ago.

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to strengthen and stabilize the organizational foundation of the City in the areas of Finance, Information Technology, and Human Resources, and to improve workforce quality while increasing transparency to the public. This item supports the following goals and objectives:

Goal 1. To help foster a healthy and accountable corporate foundation by strengthening the support functions of the organization, which include Finance, Information Technology and Human Resources.

Objective 1a. Ensure the 128 recommendations outlined in the organizational assessment are implemented through the 3 phased implementation action plans adopted by Council in July, 2015 and provide periodic reports to Council on the status of the implementation plans.

FINANCIAL IMPACT

There is no financial impact as an allowance for doubtful accounts has long existed for these bad debts.

Prepared by: Tonya Cheng, Controller

ATTACHMENTS

1. Accounts Receivable Bad Debt Policy & Procedures
2. Accounts Receivable Clean-Up Presentation

City of Oxnard Administrative Policies and Procedures

ACCOUNTS RECEIVABLE & BAD DEBT POLICY AND PROCEDURES

Effective July 1, 2019

Approved by: Alexander Nguyen, City Manager	Approved by: Shiri Klima, Deputy City Manager

PURPOSE:

To establish policies and procedures for providing adequate internal controls over receivables, allowance for uncollectible accounts, and write-off of accounts receivable, and to ensure that all reasonable diligence has been used to account for and collect City revenues.

Types of receivables covered by this policy include but are not limited to: business license tax, transient occupancy tax, utility billings, regulatory and development impact fees, fees for services, waste disposal fees, code compliance, recovery for damage to City property, fines and penalties, recovery of expenditures from granting agencies, and legal judgments.

The City of Oxnard accounts receivable billing process is decentralized. Each administering department shall designate one or more persons responsible for their respective billing programs, which includes generation and distribution of invoices. Each program manager shall be responsible for ensuring reasonable collection efforts.

POLICY (Administrative Manual Section D-23):

It is the policy of the City of Oxnard to actively pursue collection of past-due accounts receivable, regularly review the status of past-due accounts, and write-off (on an annual basis at fiscal year-end, unless definitively deemed uncollectible during the year) amounts determined to be uncollectible. After exhausting reasonable efforts to collect past due accounts, the department providing the services for which the debt is owed shall prepare and send a ten-day collection notice on the form provided by the Office of the City Attorney (see Appendix A). The department shall submit to the City's debt collection vendor each account at least 60 days past due and remaining uncollected after the ten-day response period, in accordance with the procedures established through the vendor's contract with the City. A write-off of uncollectible accounts receivable from the City's accounting records does not constitute forgiveness of the debt or a gift of public funds. Authorization to write-off accounts receivable must be approved by the City Council unless such authorization is delegated by City Council to the City Manager or his/her designee. (See Resolution No. 15,281 for such delegation.)

PROCEDURES:

I. BILLING

The City's billing process is currently decentralized and invoices may be issued by the department administering the service or debt due. Types of receivables covered by this policy include but are not limited to: business license tax; transient occupancy tax; utility billings; regulatory and development impact fees; fees for services; recovery for damage to City property; fines and penalties; recovery of expenditures from granting agencies, and legal judgments. The preferred method of billing is through the accounts receivable module of the City's financial system;

however, in some circumstances, invoices may be created manually and recorded via journal entry (see attached template in Appendix B). All invoices should meet the following requirements:

A. Each invoice shall be sequentially numbered and contain the name, address, and telephone number, if available, of the debtor, amount due to the City and a description of the goods, services, or other debt being billed. Invoices must be mailed promptly and contain clear, detailed information.
B. Invoices shall be generated for any debt to the City.
C. Invoices shall abide by all relevant resolutions, ordinances and regulatory agency guidance.

II. AGED RECEIVABLES AND DELINQUENCY MONITORING

Accounts receivable aging reports provide information regarding the length of time a debt has been outstanding and whether an account is current or delinquent. These reports are management tools that allow for analysis and review of current and past due invoices. Accounting standards require debt records to be maintained in a manner that provides information regarding payment status of the debt. Accounts receivable aging reports will be generated to facilitate the analysis of the aging of such receivables: less than 30 days, 30-60 days, 61-90 days, 91-120 days, over 120 days.

A. For billings managed through the accounts receivable module, the Finance Department will run the accounts receivable aging report monthly and send to the responsible departments a listing of invoices over 30 days past due to contact their customers about payment status.
    1. The Finance Department will generate a statement for each customer with invoices over 30 days past due along with the City Attorney's ten-day notice letter (see Appendix A).
    2. If accounts remain outstanding 60 days past the due date, the outstanding debt will be referred to the City's debt collection vendor, unless the responsible department provides a reasonable explanation of extenuating circumstances to not refer the account to collection vendor.
    3. The City Council must approve any property liens placed due to non-payment of invoices.

B. For billings managed outside the accounts receivable module (e.g., utility billings managed in a separate module by Treasury Department, Police Department billings managed by third party), the administering department must monitor the receivables and collections in accordance with this policy.
    1. On a regular basis (at least monthly), the administering department will monitor status of accounts receivable and make reasonable efforts to collect amounts due. Accounts past due 60 days or more should be referred to the City's debt collection vendor.
    2. On an annual basis, within fifteen business days following year-end, the administering department will forward an accounts receivable aging to the Finance Department.
    3. On an annual basis, the administering departments must submit to the Finance Department a detailed listing of any proposed accounts to write-off with justification for write-off. (See Allowance for Doubtful Accounts and Write-off of Uncollectible Accounts below.)

C. Interest and Penalties: The City may assess interest on unpaid debt to the City, as authorized by state law. The City's policy is to assess a penalty of 10% on utility service bills not paid within one month after the billing date.

III. PAYMENT AND REFUND PROCESSING

A. Installment Payment Plans

Payment plans may be arranged depending on the type of debt and amount involved. A formal, signed agreement by the debtor in a form approved by the City Attorney will be written to provide a payment schedule for the debtor, including a statement that renders the arrangement null and void if payments are not made as agreed. The entire balance will be due if the debtor defaults on the agreement. The installment schedule shall not exceed one year.

B. Promissory Notes

In certain situations, a promissory note may be used as a form of payment plan. The debtor signs the promissory note for the amount due plus accrued interest, currently at 10% and not to exceed 1 year. The City may choose to take the promissory note to the County recorder's office for official recording, and the City may pursue legal action if the payments are not made on schedule.

C. Refunds

Payments received in error, or paid in excess of the invoice total, will be refunded to the payer by check or electronically.

A request for refund form must be submitted to the Finance Department for review and approval. The form must be accompanied by proof of original payment, such as a copy of the canceled check or a bank statement showing the amount was debited electronically. This ensures that the original payment has cleared the bank and that the refund is being issued to the appropriate party. If a copy of the canceled check is not available, other acceptable proof of payment may be accepted on a case by case basis. Refund requests for utility bills are governed by Resolution Number 15,069 and requests for penalty fee waivers and debt forgiveness are governed by Resolution Number 15,043. Refund requests for overpayment of business taxes are governed by City Code Section 11-23.

D. Depositing of Funds from Grantors, Developers, Partners and Other Entities

Certain transactions (e.g. grants, developer fees, etc.) involve agreements, resolutions and/or ordinances which specify amounts to be paid as reimbursement for previous or future City expenditures. In order to ensure proper accounting, these amounts should be entered into the accounts receivable module of the City's financial system by the Finance Department. A copy of the invoice and backup must be sent to the Finance Department's Accounting Division as supporting documentation and a written notification must be sent to City Treasurer's office with proper project and account coding for processing of payments received.

E. Vendor Offset

The purpose of vendor offset is to provide the City with an additional method for collection of past due amounts (90 days delinquent or greater) owed primarily by businesses or individuals acting in a business capacity. Payments due may be withheld in full or in part to satisfy a debt due the City if allowed by federal, State, or local law.

IV. ALLOWANCE FOR DOUBTFUL ACCOUNTS & WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS

Collection efforts shall be performed for a period equivalent to the statute of limitations or sooner. If bankruptcy has been discharged for the account, a business no longer exists, or an individual is deceased, such amounts may be written off upon appropriate authorization.

A. Allowance for Uncollectible Accounts
Each department will monitor its respective receivables and may provide input to the allowance formula and write-off criteria; the Finance Department is responsible for determining the appropriate allowance level and deciding whether an account balance should be written off in accordance with generally accepted accounting principles.

1. Allowance for uncollectible accounts managed through the accounts receivable module will be initially established at 90% of the balance of outstanding invoices greater than 120 days past due at each year-end.
2. Utility billing allowance will be established at approximately 2% of the utility billing receivable balance at June 30th of each fiscal year.
3. The Finance Department will re-evaluate allowances annually and adjust to reflect historical experience with write-offs, trends in receivable aging and the current economic environment.

B. Write-off of uncollectible accounts:

Acceptable reasons for writing off a receivable account include:

- **Discharged Bankruptcy.** The account has been discharged through bankruptcy court, and the file has been noted with the date filed, number, court district, and date of discharge.
- **Deceased.** The debtor is deceased with no estate.
- **Invalid Referral.** The account was assigned in error. A billing should not have been generated.
- **No Judgment.** The debt was reviewed by a court, and the court determined that the debt could not be substantiated.
- **Statute of Limitations.** The statute of limitations has expired (usually after four years) without payment or promise of payment since the last transaction date.
- **Amount Does Not Warrant Further Effort.** No response to demand for payment. Further pursuit would not be cost effective.

1. A memo documenting the detail of the receivable(s) (purpose, principal, interest, date of original transaction) and the rationale for writing off the receivable as uncollectible, shall be approved by the department director or designee and forwarded to the CFO. The responsible department and the Finance Department will jointly request City Council approval of the write-off, or City Manager approval if such authorization has been delegated by City Council via resolution.

2. For any account written-off, customer information will be retained in the accounts receivable module in order to have continued enforcement of service denied on credit until previously written-off balances have been paid in full. If an account was mistakenly written-off or a previously uncollectible amount is received after being written-off, the account may be reactivated.

C. Adjusted, Voided, or Reversed Transactions

When a department adjusts, voids, or reverses a transaction for any reason, appropriate supporting notes or documentation are to be retained in the customer's account file. In addition, a note should be placed on the customer's account in the City's financial system's accounts receivable module.

V. ACCRUING RECEIVABLES

Accrued receivables include revenue from property and sales tax, transient occupancy tax (hotel tax), franchise fees, utility billings, business licenses, PEG fees, miscellaneous receivables and grant revenue. The criteria for recognizing federal, State and other governmental aid revenues are outlined below:

A. Federal, State and other governmental aid revenues will be accrued if any cost associated with a grant or allocation has been incurred in the current fiscal year. The criteria for recognizing governmental aid revenues is necessary to match program expenditures with related funding sources and provide an accurate accounting of revenue earned during the year.
B. All other revenues will be recognized using the modified accrual basis, which means that revenue is recognized if the amount is measurable and will be available to finance current expenditures and the year-end liabilities of the fund.
C. Transactions requiring revenue accrual:
    1. Receipts over $5,000 that are received in July and August related to prior fiscal year services
        a. Enter "Accrue FY 20XX-XX (prior FY)" in the description column in the system
    2. Grants – Eligible expenditures incurred and expected to be reimbursed within one year following fiscal year-end. Revenue accrual schedule completed by each administering department.
    3. Receipts over $100,000 that are received between September 1 and October 31 related to revenue earned in prior fiscal year that have not been previously accrued
        a. Receiving department provides a copy of the receipt to the Finance Department for review and accrual.

VI. RESPONSIBILITIES:

Each department shall designate one or more persons responsible for its respective billing programs. Each program manager shall be responsible for ensuring reasonable collections, including any rejected payments or returned (NSF) checks. The Finance Department shall be responsible for ensuring compliance with this policy.

A. Receiving Department

1. The Treasurer's Office receives cash from four sources: through the mail, at a public counter, electronic payments via EFT/wire transfers, and from the various City departments.
2. The department that receives cash receipts must forward those receipts to the Treasurer's Office for deposit.
3. For revenue that has been accrued, once the receiving department receives the revenue, it is to notify the appropriate accountant in the Finance Department who will reverse the accrual in the year it is received (debit revenue, credit receivable).

GLOSSARY

Account Receivable - Asset of City reflecting a debt that is owed to the City that has not yet been received by the City.

Accounts Receivable Aging Analysis – A report that lists the debtor name, invoice date, invoice number, and amount due sorted by delinquency status: less than 30 days, 30-60 days, 61-90 days, 91-120 days, over 120 days. This information is used to identify problem accounts and to determine which accounts may be uncollectible.

Accounts Receivable System – A system used to record all bills that have been issued to customers/debtors. It has the capacity to track outstanding accounts and facilitate follow up on delinquent accounts.

Allowance for Bad Debts: An allowance for bad debts is an estimate of uncollectible accounts receivable. It is identified as a contra asset account and netted against accounts receivable on the City's statement of net position/balance sheet. When the allowance is first established and updated annually, a journal entry is recorded to debit bad debt expense and credit the allowance for bad debts.

Bad Debt Expense: Bad debt expense represents the estimated uncollectible accounts for the fiscal year that is included in the Statement of Revenues and Expenditures in the City's financial statements.

Debtor - Person, business or other entity that owes amounts to the City based on contractual arrangements, services rendered, judgments entered, or for taxes due.

Past Due - An account is past due if City has not received payment of a charge by the due date; usually within 30 days, with exception of retiree or leave of absence benefits, which are due within ten days of invoice date.

Uncollectible Accounts Receivable: Generally accepted accounting principles require that a determination be made between receivables deemed to be collectible and those considered uncollectible. Uncollectible accounts receivable include outstanding accounts that are legally determined to be without merit, costs of recovering asset will exceed potential recovery, and/or the debtor cannot be located or is bankrupt.

Write-Off – If all collection efforts have been exhausted and the account is either considered to be uncollectible or the amount owed is too small to warrant further collection efforts, the amount may be written off of the account. The journal entry will be to debit the allowance for bad debts and credit accounts receivable after approval by the City Council or City Manager, as authorized per resolution.

Single Audit findings related to accounts receivable and bad debts:

2015-051 Accounts Receivable reconciliation to general ledger: *Implemented in FY2018-19. Part of quarterly reconciliation process.*

2015-052 Aging and Collections for Utilities not centralized in Finance. Utility posting not tied to general ledger posting: *Partially implemented in FY2018-19. Utility posting to general ledger reconciliation is part of monthly bank reconciliation process. Treasury reconciles utilities receivable due to decentralized operations.*

2015-053 Receivable Aging reports not reviewed by Finance for Allowance: ***Miscellaneous receivables are reviewed monthly for delinquent accounts. A list is created with documentation to be submitted to collection agency.***

2015-054 Written policies and procedures for allowance of uncollectible accounts: ***Implementation targeted for July 1, 2019.***

2015-055 Grants Management: *Decentralized, Asst. CFO and grant accountants to work with various departments for review of accruals and deferred revenues.*

2015-056 Grant receivable were not tracked and reconciled to the general ledger on a monthly basis: *Decentralized, Asst. CFO and grant accountants to work with various departments for review of accruals and deferred revenues.*

2015-057 FEMA: *Decentralized, Asst. CFO and grant accountants to work with various departments for review of accruals and deferred revenues.*

2017-014 Repeat of 2015-055 and 2015-056 Grant revenue cycle: *Decentralized, Asst. CFO and grant accountants to work with various departments for review of accruals and deferred revenues.*

2018-011 Repeat of 2015-051, 2015-053, 2015-054 Non grant revenue cycle: *Management Accountant implemented major revenue tracking FY2017-2018. Implementation of written procedure for allowance methodology targeted for July 1, 2019.*

APPENDIX A

City Attorney "Ten Day" Letter Template

Office of the City Attorney

CITY OF OXNARD CALIFORNIA

305 West Third Street, Suite 100E
Oxnard, California 93030
(805) 385-7483
Fax (805) 385-7423

May 29, 2019

NAME(S)
ADDRESS
OXNARD, CA 93030

Re: Outstanding Balance on Type of Account
Account No.

Dear Dear:

The Department for the City of Oxnard has forwarded your account to this office for collection. Unless payment of $ is received by the Department within ten (10) days of the date of this letter, the City will forward your account to an outside collection agency or may initiate legal action without further notice to collect the outstanding balance on your City Type of Account account.

My sincere hope is that these steps will not be necessary, and that you will make arrangements to pay in full immediately.

If you are unable to pay the entire balance owing, please call Contact Name, Dept/Div Name, within ten (10) days of the date of this letter to see if you may be eligible for a payment plan.

If there are any questions, please contact Contact Name, Dept/Div Name, between the hours of 8:00 a.m. to 6:00 p.m., Monday through Thursday, at (805) .

Very truly yours,

Stephen M. Fischer
City Attorney

ACCOUNTS RECEIVABLE CLEAN-UP

Presentation to Finance & Governance Committee

Tonya Cheng, Controller

July 28, 2020

CITY OF OXNARD CALIFORNIA

RECOMMENDATION

That the Finance and Governance Committee recommend that City Council approve writing off accounts receivable for three individual customer accounts totaling $138,736 with aging between 11 and 14 years.

BACKGROUND

- Prior audits have recommended that the City write off old debt that has been determined to be uncollectible.
- As part of the implementation of the 128 recommendations outlined in the organizational assessment, a new policy titled "**Accounts Receivable and Bad Debt Policy and Procedures**" was jointly developed by Staff from the Finance Department, the City Treasurer's Office, the City Manager's Office and the City Attorney's Office.
- Resolution No. 15,281, which was adopted on Nov. 19, 2019, established that writing off accounts receivable must be approved by the City Council, except when the amount of any individual account is less than $25,000, in which case the City Manager may approve the charge off.

DISCUSSION

- During a detailed review of the City's accounts receivable aging, we identified that:
  - 999 customer accounts (of 18,324 accounts in Finance today) totaling $683,924 are deemed uncollectible as the statute of limitations has expired.
  - There accounts are for DUIs, false alarms, property damage, and so forth. The aging of these receivables is between 6 and 20 years old.
  - Extensive collection efforts were made by the City Attorney's Office on these accounts, including sending out 10-day-to-pay notices as well as pursing unpaid amounts in small claims court.
  - The City Manager has approved writing off the 996 individual accounts listed above as less than $25,000 each.

RECOMMENDED RESOLUTION

- We are recommending the write off the below 3 individual accounts with amounts over $25k:

Customer	Receivable	Aging	Description
Customer #7294	25,781	14 years	Property damage
Customer #8773	35,755	11 years	Vehicle damage
Customer #8667	77,200	11 years	Property damage
	$ 138,736		

FINANCIAL IMPACT

- There is no financial impact as an allowance for doubtful accounts has long existed for these bad debts.

RECOMMENDATION

That the Finance and Governance Committee recommend that City Council approve writing off accounts receivable for three individual customer accounts totaling $138,736 with aging between 11 and 14 years.