



October 3, 2019

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

## **PROPOSED WRITE-OFF OF UNCOLLECTABLE RECEIVABLES**

### **RECOMMENDATION**

Approve write-off of \$2,952.29 in receivables from past District employees.

### **FISCAL IMPACT**

Recognition of \$2,952.29 of District employee benefit expense.

### **BACKGROUND/ANALYSIS**

Beginning in 2001 when the District switched to CalPERS health insurance, due to a CalPERS policy, employees kept their health insurance coverage for fractional part of the month in which their employment was terminated plus one whole month in order to remain eligible for COBRA (Consolidated Omnibus Budget Reconciliation Act) benefits. The District's process was to pay the whole cost of that final month for terminating employees without withholding the employee's portion.

As part of the year-end reconciling process, the District conducts a thorough review of amounts held for employee health benefits. In the past, a reconciling journal entry was done at year-end to match the amount the District owed on behalf of its employees and the amount it had collected from the employees to make that payment.

This fiscal year (2019-20), instead of simply adjusting the books as explained above, District Finance and Human Resources staff examined the cause of the accounting discrepancies and determined that a reconciliation of employee health benefits at separation from the District could be performed and the employees' share of insurance costs could be calculated and withheld from the final their paychecks, at the employee's option. In coordination between Finance and Human Resources, a new procedure was developed and implemented to ensure that the necessary reconciliations were performed as part of calculating the final payout to separating employees. Going forward, this new procedure should ensure that the District withholds sufficient funds from employees to cover their portion of post-separation health benefits, should the employee desire the extra month of coverage.

## **PROPOSAL**

During fiscal year 2018-19, six employees separated from the District owing a total of \$2,952.29 in health care costs. While the District recently adopted a policy for collection and write-off of bad debt on July 18, 2019, staff is requesting the Board approve a one-time exception from the collection steps outlined in the District's policy. The exception is being requested because staff believes it in the best interest of the District to not expend its limited resources pursuing collection efforts from former District employees that most likely will be unsuccessful and may create unnecessary ill will between employees and the District.

Since District staff lacks write-off authority absent some collection effort, the Board is asked to consider writing off \$2,952.29 of these receivable balances.

This letter has been reviewed by Legal Counsel as to form.


If you should have any questions or need additional information, please contact me by phone at (805) 658-4646 or via email at [tinarivera@vrzd.com](mailto:tinarivera@vrzd.com).

ALVERTINA RIVERA, DIRECTOR OF FINANCE

APPROVED FOR BUDGET IMPACT:

  
FOR Alvertina Rivera, Director of Finance

APPROVED FOR AGENDA:

  
Chris Theisen, General Manager

Attachments: None