

Report FR-SS-06-16

To: Chair and Members of the Social Services Committee
From: Mary Lou Spicer, Deputy Director of Finance
Meeting Date: December 9, 2015
Subject: **Housing Write Off of Uncollectible Accounts**
Status: Recommendation adopted by Committee as presented per Resolution SSC10-16; Endorsed by County Council January 5, 2016 per Resolution CC13-16;

Recommendation(s)

THAT Report FR-SS-06-16 regarding the year end write off of uncollectible accounts receivable balances for the Housing department be received;

AND THAT accounts receivable balances totaling \$16,224.70 from former Housing tenants be written off;

AND FURTHER THAT a corporate receivables management policy be developed in 2016.

Background

The Finance Department prepares an entry at year end to write off accounts receivable balances for former Housing tenants that meets the following criteria. The charges originate prior to June 30, 2015 and the account has no repayment activity or the tenant moved after June 30 and staff is confident the account is uncollectible.

Although the accounts are written off for accounting purposes, this does not negate the responsibility to attempt and collect the receivable. Previous tenants with balances owing are not eligible for subsidized housing with The County of Grey or other housing providers in the province until such time as payment is made or a repayment schedule is in place. In most instances, the reason a former tenant makes payment is to become eligible for housing.

A total of \$16,224.70 meets the criteria outlined above and is below the \$40,000 budgeted amount. The recommended write off represents account balances that range from -\$0.01 to \$3,077.98 with 76.5% of the arrears from former family unit tenants as

compared to 67% in 2014. The recommended write off amount represents 0.0044% of the 2015 budgeted revenue from tenants or 19.36% of the total arrears as of November 30.

The Housing Department process is to send a reminder letter after the tenth day of the month to advise that the rent is overdue; staff will work with the tenant to determine when the rent will be paid and if a payment plan is needed. Often the tenant is behind in rent as the result of unexpected circumstances such as car repairs, inability to attend work as they or their child is sick. Staff attempts to work with the tenant to maintain residency; as a result, with this process there are less arrears and lower evictions than in the past due to unpaid rent. In some cases where it is simply a non-payment of rent, staff may take the tenant to the Tribunal Board and request a formal payment plan and if necessary, eviction.

Finance staff will bring forward a corporate receivables management policy that will formalize processes, minimize exposure to bad debts and recommend that the write-off of uncollectible accounts be authorized by the Director of Finance. The following chart provides comparative information for the current proposed write off and the previous five years.

Summary of Accounts Receivable Write Off and Bad Debt Recovery

| Year | Amount of Write Off | Number of Accounts Written off | Amount of Bad Debt Recovery |
|------|---------------------|--------------------------------|--------------------------------------|
| 2015 | \$16,224.70 | 14 | \$3,512.79 (Jan 1 – Oct 31, 2015) |
| 2014 | \$34,317.39 | 32 | \$1,111.11 |
| 2013 | \$44,729.92 | 32 | \$1,318.56 |
| 2012 | \$34,329.25 | 31 | \$1,662.12 |
| 2011 | \$29,950.20 | 27 | \$596.00 |
| 2010 | \$34,388.96 | 23 | \$1,491.82 |

Financial / Staffing / Legal / Information Technology

Considerations

The recommended write off amount of \$16,224.70 is below the \$40,000 budgeted amount and the savings will assist with the anticipated housing operating budget shortfall.

Link to Strategic Goals / Priorities

To ensure that Council's goals of financial sustainability and public accountability are maintained.

Attachments (none)

Respectfully submitted by,

Mary Lou Spicer
Deputy Director of Finance

Director Sign Off: *Kevin Weppler, Director of Finance; Anne Marie Shaw, Director of Housing*