THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
January 14, 2004
Report of the
Treasurer

WRITE-OFF FORMER TENANT BAD DEBTS

1. RECOMMENDATION

It is recommended that:

1. Housing York Inc. write-off 35 former tenant accounts totalling $39,065.89 in the 2003 fiscal year, comprising arrears in the amount of $33,422.89 for the Municipal Non-Profit Program, and $5,643.00 for the Public Housing Program.

2. PURPOSE

The purpose of this report is to provide information to support the annual write-off of former tenant accounts receivable totalling $39,065.89.

3. BACKGROUND

Housing York Inc. (HYI) charges rent, parking, and other charges to tenants during their tenancy within a housing project. The monthly charges for the majority of tenants are calculated according to a provincial Rent Geared to Income formula. HYI also charges back to tenants additional costs incurred as a direct result of tenant activity, such as damage repairs, NSF bank charges, legal costs and utility bills not paid by the tenant as required.

On an annual basis, the financial statements of HYI are audited to ensure that the amounts reported are fairly and accurately stated and in accordance with Generally Accepted Accounting Principles.

4. ANALYSIS AND OPTIONS

The accounts being recommended for write-off range in value from $3.00 to $7,026.00 for former tenants who moved out after September 2002 when the last annual review took place, until October 2003. There are a total of 35 accounts, comprised of 25 for the Municipal Non-Profit Program and 10 for the Public Housing Program.

The reasons for recommending these accounts be written off include:

- The inability to locate the former tenant to pursue the collection activity.
- The tenant is deceased with insufficient estate to cover the debt.
- The amount of the arrears is less than it would cost to pursue collection (less than $100).
- The former tenant is involved in bankruptcy proceedings or is in receipt of Ontario Works or Ontario Disability Support Program payments.
- The amount owed by the former tenant has been outstanding for more than four months with no payments being made in this time period.

On a case by case basis, the Quality Assurance Unit and HYI have jointly evaluated the likelihood of collection, and the recommendation for write-off is a conservative estimate of the amounts that may not be collected. All analysis is available for the year-end audit.

Approval of the account for write-off does not affect the Corporation's ability to collect the outstanding accounts in the future and multiple avenues remain open to recover write off accounts routinely.

The total amount of the write off represents approximately .4% of annual rental revenue generated by Housing York Inc. The write off of these accounts will result in the assets of HYI to be conservatively stated on the financial statements for the period ending December 31, 2003.

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with this report. Overall, the total HYI bad debts expense budget is $44,200 for which approval of $39,065.89 is requested.

Currently, policy guidelines to govern the collection activities for all tenants are undergoing enhancement along with extensive processes that broaden rent collection activities. The new policy will be presented for Board approval in the spring of 2004 and includes arrears prevention, mitigation and recovery strategies. The objective is to reduce potential bad debts by addressing tenants' payment patterns earlier in their life cycle.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

7. CONCLUSION

It is recommended that HYI should write-off former tenant accounts totalling $39,065.89 to fairly state their accounts receivable for 2003.

The Senior Management Group has reviewed this report.

Prepared by:

for Katherine Campbell
Manager of Business Review

Reviewed by:

Sylvia Patterson
Assistant General Manager

Recommended by:

Sandra Cartwright
Treasurer

Approved for Submission:

Michael R. Garrett
President

December 18, 2003

KC/dm

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