



Yolo County Housing

Lisa A. Baker, Executive Director

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DATE: May 13, 2010
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
By: Mark Stern, Finance Director
SUBJECT: **Authorize the YCH to write off Bad Debts of Approximately \$7,700 for the Low Income Public Housing Program and Cottonwood Meadows for the Three Months Ended 3/31/2010.**

RECOMMENDED ACTIONS:

That the Board of Commissioners:

1. Authorize staff to write off bad debts of the Yolo County Housing Low Income Public Housing Program and Cottonwood Meadows of approximately \$7,700 for the three months ended 3/31/2010.

BACKGROUND / DISCUSSION

In accordance with the approved Accounts Receivable Write Off policy, Real Estate Services and Finance staffs have reviewed the accounts receivable and identified amounts that are deemed to be uncollectible. Assuring that accounts receivable are not misstated protects the integrity of the agency financial statements. Accounts written off are submitted for collection but collections for previous write-offs have been -0- to date.

FISCAL IMPACT

For the three (3) months, the bad debts requested to be written off total approximately \$7,700. This amount is 2.34% of total rents charged by the programs. The year to date write-off is 1.23%. The percentage increase in the current quarter is indicative of the economic problems that our residents face.

Finance has begun a monthly accrual of an Allowance for Uncollectible Accounts and board approved write-offs will be charged to this accrued allowance rather than current expense. This accounting change results in smoothing the effect of the quarterly write-offs by eliminating the quarterly expense spike that the write offs create. In addition, the monthly accrual will increase the \$15,000 Allowance that the YCH has been carrying to more closely match the annual cost of uncollected accounts receivable. Both of these changes are in accordance with technical assistance offered by our Single Auditors.

Write-offs by year have been:

	<u>Amount</u>	<u>% of Rent</u>
		<u>LIPH/Cottonwood/Davis Solar</u>
• 2007-2008	\$29,000	1.29%
• 2008-2009	\$25,500	1.16%
• 2009-2010 YTD	\$19,200	1.23%

The list of delinquent accounts is available for review at the YCH Finance Department.

CONCLUSION

We need to ensure that the accounts receivable reflected on the books represent the accounts that YCH would have a good chance of being able to successfully collect. In addition, bad debt accounts turned over to the collection agency sooner have a better chance of being collectible.