



Request for Action

TO: Faribault Housing and Redevelopment Authority

FROM: Kim Clausen, Community Development Coordinator

MEETING DATE: January 14, 2019

SUBJECT: Resolution 2019-01, Approving 2018 Accounts Receivable Write-offs

PURPOSE:

The purpose of this memorandum is for the HRA to approve accounts receivable write-offs in accordance with the HRA Delinquent Rents and Charges Process Policy.

DISCUSSION:

According to the FHRA Delinquent Rents and Charges Process Policy, every year the FHRA will review uncollectible debts and determine whether to write-off and retain the debts or write-off and close-out the debts. According to the Policy, debts that have been unrecovered for a period of 12 months and the debtor's whereabouts are unknown, shall be considered uncollectible. If the debt has been unrecovered for a period less than 5 years, the debt shall be written off but the amount owing retained for possible future collection. If the debt has been unrecovered for a period of 5 years or more, the debt will be considered closed-out and the amount removed from retained. Debts can also be written off for the following reasons:

- Assets legally without merit
- Assets that cannot be substantiated by evidence
- Costs of further recovery actions will exceed estimated recovery amounts
- Inability to locate debtor
- Statutory requirement to terminate asset recovery actions

The identified files have been sent to the Minnesota Department of Revenue for collection under the Minnesota Revenue Recapture Program (MRRP). The MRRP was established in 1980, when the legislature enacted Minnesota Statute 270-A. The purpose of the act is to establish a system of collected debts owed the State government, the University of Minnesota, or to certain local governments by applying any of the debtors' tax refunds to the amount of the debt. Credit laws prohibit the HRA from undergoing additional debt collection efforts while the debt is on file with the MRRP.

A list of proposed write-offs will be presented at the HRA meeting for review and approval.

REQUESTED ACTION:

Staff recommends the HRA adopt a resolution approving the accounts receivable write-offs and directing staff to amend the general ledger to reflect these changes.