

# Staff Report



Financial Services Department

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**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** August 12, 2024

**SUBMITTED BY:** Saleh Saleh, Director, Revenue, 519-741-2200 ext. 7346

**PREPARED BY:** Marcy Ignor, Manager Utility billing and Customer Service, 519-741-2200 ext. 7460

**WARD(S) INVOLVED:** All

**DATE OF REPORT:** July 9, 2024

**REPORT NO.:** FIN-2024-295

**SUBJECT:** Uncollectable Utility Receivable Account Write-Off

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## RECOMMENDATION:

**That uncollectable utility accounts amounting to \$70,384 be written off against the allowance for doubtful utility receivables.**

## REPORT HIGHLIGHTS:

- As per council policy, approval from Council is required for accounts to be written-off and sent to an outside collection agency for third party collection efforts.
- Staff have worked diligently in attempting to collect on these accounts but have not been successful in the process.
- This report recommends that accounts totalling \$70,384 be written off and forwarded to an outside collection agency.
- This report supports the delivery of core services.

## BACKGROUND:

As per council policy FIN-FEE-517 Utility and Miscellaneous Receivable policy, approval from Council is required for accounts to be written-off and sent to an outside collection agency for third party collection efforts.

Utilities receivable represent invoices generally billed through the city's SAP utility billing system. The majority of these invoices relate to usage for Gas and Water. The current report represents write-off of utility accounts which have been deemed to be uncollectable up to the end of June 30, 2024.

## REPORT:

\*\*\* This information is available in accessible formats upon request. \*\*\*  
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

Staff are recommending that accounts totalling \$70,384 be written off and forwarded to the collection agency. Staff have worked diligently in attempting to collect on these accounts but have not been successful either due to the customer declaring bankruptcy or having no forwarding address. Any tenant deposits previously received on the uncollectable accounts have been applied to reduce the debt outstanding. A total of 118 customer accounts are being recommended to be written off and transferred to a third-party collection agency.

The collection procedures staff have undertaken include:

- Sending customers statements and demand letters.
- Verbal request by telephone or in person.
- Negotiating revised payment terms.
- Applying any deposits held to the outstanding amounts.
- Transferring uncollectable items to the customer’s property tax account where permitted by the Municipal Act.

The cumulative amount of utility write-offs identified in this report equal \$70,384 and relate to the years 2022, 2023 and 2024. The cumulative write-offs are shown in the table below and the average is well below the targeted upper limit for write-offs set at 0.3% previously approved by Council.

A five-year summary of write-offs is included in the table below.

<b>Utility Accounts Write-off</b>			
	<b>Cumulative Write-offs for the Year</b>	<b>Total \$ Invoiced Year to Date</b>	<b>Write-offs as a % of Sales</b>
<b>2024</b>	\$ 20,042	\$ 130,765,658	0.0153%
<b>2023</b>	\$ 176,497	\$ 248,049,552	0.0712%
<b>2022</b>	\$ 151,911	\$ 233,620,592	0.0650%
<b>2021</b>	\$ 171,585	\$ 216,217,805	0.0794%
<b>2020</b>	\$ 219,812	\$ 213,604,976	0.1029%
<b>Total</b>	<b>\$ 739,847</b>	<b>\$ 1,042,258,583</b>	<b>0.0710%</b>

**STRATEGIC PLAN ALIGNMENT:**

The recommendation of this report supports the achievement of the city’s strategic vision through the delivery of core service.

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**FINANCIAL IMPLICATIONS:**

The uncollectable accounts will be written off against the Allowance for Doubtful Utility Receivables account.

**COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

**PREVIOUS REPORTS/AUTHORITIES:**

- FIN-FEE-517 Collections- Utility and Miscellaneous Receivable

**APPROVED BY:** Jonathan Lautenbach, Chief Financial Officer, Financial Services