

Staff Report



Financial Services Department

www.kitchener.ca

REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: February 24, 2025

SUBMITTED BY: Saleh Saleh, Director, Revenue, 519-904-6308

PREPARED BY: Marcy Ignor, Manager Utility billing and Customer Service, 519-783-8057

WARD(S) INVOLVED: ALL

DATE OF REPORT: January 7, 2025

REPORT NO.: FIN-2025-022

SUBJECT: Uncollectable Utility Receivable Account Write-Off

RECOMMENDATION:

That uncollectable utility accounts amounting to \$101,518 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 \$101,518 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 December 31, 2024.

REPORT:

Staff are recommending that accounts totalling \$101,518 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 156 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 \$101,518 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.

Utility Accounts Write-off			
	Cumulative Write-offs for the Year	Total \$ Invoiced Year to Date	Write-offs as a % of Sales
2024	\$ 105,873	\$ 250,506,834	0.0423%
2023	\$ 189,874	\$ 248,049,552	0.0765%
2022	\$ 154,220	\$ 233,620,592	0.0660%
2021	\$ 171,585	\$ 216,217,805	0.0794%
2020	\$ 219,812	\$ 213,604,976	0.1029%
Total	\$ 841,364	\$ 1,161,999,759	0.0724%

STRATEGIC PLAN ALIGNMENT:

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

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