

Staff Report



Financial Services Department

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REPORT TO: Community and Infrastructure Services Committee

DATE OF MEETING: March 6, 2023

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

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

WARD(S) INVOLVED: ALL

DATE OF REPORT: January 6, 2023

REPORT NO.: FIN-2023-033

SUBJECT: Uncollectable Utility Receivable Account Write-Off December 2022

RECOMMENDATION:

That uncollectable utility accounts amounting to \$80,371 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 \$80,371 be written off and forwarded to an outside collection agency.

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, 2022.

REPORT:

Staff are recommending that accounts totalling \$80,371 be written off and forwarded to the collection agency. Staff have worked diligently in attempting to collect on these accounts but

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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 162 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 \$80,371 and relate to the years 2020, 2021 and 2022. 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
2022	101,429	\$ 233,620,592	0.0434%
2021	\$ 156,012	\$ 216,217,805	0.0722%
2020	\$ 219,812	\$ 213,604,976	0.1029%
2019	\$ 216,675	\$ 202,658,095	0.1069%
2018	\$ 261,616	\$ 211,483,209	0.1237%
Total	\$ 955,544	\$ 1,077,584,677	0.0887%

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:

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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