



October 19, 2012

City Council Committee Report

To: Mayor Canfield & Members of Council

Fr: Bill Ranger

Re: Receivables Write Offs

Recommendation:

That Council hereby approves the write off of accounts receivables for the year 2010 totalling \$55,727.51 including applicable taxes; and further

That City staff be directed to continue collection efforts on these accounts.

Background:

Attached is a report from Bill Ranger, Customer Service & Collections Supervisor, which summarizes a listing of inactive accounts that are eligible for write off under City policy currently before Council, which states:

"Accounts shall be written off on a calendar year basis. Accounts deemed to become inactive during one calendar year shall be held on the records for the entire following calendar year. Write off shall occur in the second year following the year the account is deemed to become inactive."

The write off list relates to accounts currently on the City's records that are considered to be uncollectible which became inactive in the 2010 calendar year. The last write off of City receivables was performed in October 2011, and related to 2009 inactive accounts. For comparison purposes, attached to this report is a table which provides information on the amounts written off by the City, including taxes, since the annual write off of accounts was first implemented by the City.

Account write offs can fluctuate each year. The upward trend in account write offs continues from the 2008 write off of 2006 inactive accounts. The 2012 write offs are higher than previous years but do contain 2 Bankruptcies that account for \$33,367.23 of the total, leaving the balance of write-offs at \$22,413.01 - a very respectable total as compared to previous years. There is no question that this is a result of the current economic climate, one which the City has been working against for several years now. Despite this, the write off balances recommended continue to be reasonable, largely due to the aggressive collection procedures actively performed through the City's Collections Department.

It is recommended that these accounts be written off as per City policy. Despite the write off, City staff will continue to aggressively pursue these accounts. The write off, however, will enable the City to reclaim any GST, PST or HST remitted that was ultimately not collected. This combined represents a total of \$3,369.66 that the City will recover. In the event that an account is still collected upon, the appropriate adjustments to PST, GST or HST collected would be made. A detailed list is available upon request.

A copy of the hydro portion of this list will be forwarded to the Kenora Hydro Electric Corporation Ltd. for their review and independent write off.

Budget:

These accounts are expensed as they become doubtful, which is after they have been outstanding for ninety days. There will be no incremental expense to the City, and the City will be able to recover uncollectible taxes that were previously remitted.

Communication Plan/Notice By-law Requirements:

This item is housekeeping in nature. No further communication is required.

Cc: Karen Brown
Charlotte Edie
Bill Ranger

City Receivables Write Off History:

	2004 Write-Offs in 2006	2005 Write-Offs in 2007	2006 Write-Offs in 2008	2007 Write-Offs in 2009	2008 Write-Offs in 2010	2009 Write-Offs in 2011	2010 Write-offs in 2012
Department:							
Daycare	100.00	-	1,068.00	1,555.00	584.00	367.36	1,538.74
Recreation Centre	374.50	428.00	1,893.47	66.80	-	-	869.90
ARS Sundry	1,761.51	1,483.04	-	634.01	1,912.02	2,970.11	5,478.58
Emergency Services	-	32,556.35	-	-	-	-	-
Parking	-	-	-	-	-	73.27	20.54
Cemetery *	-	-	4,704.03	3,448.61	8,370.84	3,366.75	1,145.50
Transfer Station	-	-	-	314.20	-	5,500.30	339.40
Hydro	11,695.84	11,371.32	10,571.91	16,742.70	14,559.70	17,607.13	43,104.48
Water / Sewer	8,467.37	7,447.42	4,958.48	5,300.89	5,045.27	2,125.83	3,230.37
KMTS **							
Directory	2,492.44	1,546.87					
Telephone	18,691.46	17,753.59					
Internet	24,698.55	8,834.22					
Sundry	-	-					
	68,281.67	81,420.81	23,195.89	28,062.21	30,471.83	32,010.75	55,727.51

* Cemetery accounts were first written off by the City since amalgamation occurred on January 1, 2000 in 2008. For the 2010 write offs, the City continues to play a bit of catch up. Some of these accounts are old accounts that the City continued to receive payments on, but payments were discontinued in 2008.

** With the sale of the KMTS entities, and resulting sale of all KMTS receivables, there will be no write off related to any KMTS entities' receivables on a forward basis.