



# TOWNSHIP OF NORTH HURON

# REPORT

Item No.

**REPORT TO:** Reeve Vincent and Members of Council  
**PREPARED BY:** Donna White  
**DATE:** 19/06/2017  
**SUBJECT:** Uncollectable Accounts Write-offs  
**ATTACHMENTS:** Water/Sewer Write-Offs

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## **RECOMMENDATION:**

THAT the Council of the Township of North Huron hereby accepts the report from the Director of Finance regarding the write-offs of uncollectable accounts in the amount of \$33,186.23 for water and sewer accounts accumulated prior to 2009.

## **EXECUTIVE SUMMARY**

The Director of Finance and finance department staff review the Accounts Receivable listings on a regular basis and as part of the yearend audit. After a review of the outstanding accounts receivable trial balances for water and sewer, it has been determined that a number of accounts cannot be collected and therefore have to be written off as bad debts.

## **DISCUSSION**

During the 2017 budget process, staff discussed including a bad debt allowance in the 2017 Water and Sewer budgets to cover the cost of writing off old water and sewer arrears which accumulated from amalgamation up until 2009, when council implemented a policy whereby the owner of the property is billed for water/sewer bill for any rental units. Although a consumer deposit was collected at that time, it did not cover the last billing and many renters did not provide a forwarding address or notification that they were moving.

Staff make every effort through reminder notices, telephone calls and collection agencies to recover outstanding accounts. The collection agencies charge either 38% (under \$350) or 50% (over \$350) for recovery. These accounts have been sent to Credit Risk Management for collection assistance. Credit Risk Management keeps these files open until they are paid in full or the account is considered uncollectable due to bankruptcy or consumer being deceased. Many years have passed, and therefore it is recommended that it is time to clear up this matter.

The only arrears we have now are the final bills issued when a property sells and does not get paid. If arrears exist when the Tax Certificate is prepared, the amounts are included in the tax certificate. The water budget included \$18,252.00 and the sewer budget included \$14,934.00 for a total of \$33,186.00 to cover the cost to write off the Accounts Receivable Listing.

In addition, staff are researching various Accounts Receivable policies and are working towards a draft policy to present to council later this year.

The finance department has implemented a number of payment options in efforts to assist customers in keeping their accounts paid. Since the owners have been billed since 2009, any outstanding arrears are added to the tax bills twice per year which greatly reduces the accounts receivable. The following table summarizes the amounts added to the tax bills:

2017 Interim	\$47,932.92	73 accounts
2016 Final	\$46,0196.73	75 accounts
2016 Interim	\$33,049.85	60 accounts
2015 Final	\$45,332.54	72 accounts

However, in perspective, the annual water and sewer billing amount is \$1,348,204.00.

#### **FINANCIAL IMPACT**

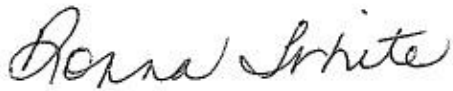
The amount of the uncollectable accounts has been included in the 2017 Water and Sewer Budgets.

#### **FUTURE CONSIDERATIONS**

Accounts Receivable trial balances will continue to be monitored regularly throughout the year.

#### **RELATIONSHIP TO STRATEGIC PLAN**

Goal #4 – Our administration is fiscally responsible and strives for operational excellence.




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Donna White, Director of Finance




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Sharon Chambers, CAO