

Subject: 2018 Request for Tax and Accounts Receivable Arrears Write-Off**APPROVALS:****Annette Antoniak**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT the recommended Tax and Accounts Receivable Arrears Write-Off of \$5,155,015.72 dated November 27, 2018, as Attachment 1, be approved.

Summary:

Account Write-Off Policy FIN-080 guides the treatment of accounts of the Municipality. Accounts arrears in excess of \$3,000 per account and property tax arrears that cannot be dealt with using standard processes are deemed non-collectible. In order to write-off these accounts, Council approval is required.

Background:

Analysis of outstanding receivables is completed monthly. An allowance for doubtful accounts is provided for accounts in arrears that exceed 90 days even though collection efforts continue. An account is considered uncollectible when all applicable collection efforts have been exhausted by the Municipality. The use of an external collection agency will continue for any accounts written off for possible collection.

The formal write-off of an account is an accounting entry undertaken to remove an uncollectible receivable from the accounting records.

With respect to the outstanding property tax arrears, two manufactured homes with a total outstanding tax amount of \$3,756.93 have been identified for write-off and are not eligible for the legislated tax recovery process. The Municipality has limited ability to monitor the movement of manufactured homes. In addition, four Municipal leased property tax accounts and 21 Provincial leased property accounts with a total outstanding tax amount of \$5,145,332.66 are deemed uncollectible as the leases expired prior to the tax year.

Accounts receivable arrears of \$5,926.13 are for solid waste disposal and bulk water sales that are deemed uncollectible.

Budget/Financial Implications:

Administration has established a bad debt allowance for the property tax and accounts receivable arrears to be written off. If Council approves the write-offs, there is no impact to the 2018 Operating Budget.

Rationale for Recommendation:

Administration followed the standard collection process, which includes:

- telephone contact;
- demand letters and notices to property owners; and
- engagement of external collection agency.

Although an account is written off, the external collection agency will continue with their efforts since they are paid a commission for each successful collection made. These arrears and accounts are deemed non-collectible and should be written off.

Strategic Priorities:

Responsible Government

Attachments:

2018 Recommended Tax and Accounts Receivable Write-off