



## **Subject: 2015 Request for Tax and Accounts Receivable Arrears Write-Off**

### **APPROVALS:**

Kola Oladimeji/Philip Schofield, Directors  
Elsie Hutton, Executive Director  
Marcel Ulliac, Chief Administrative Officer

### **Administrative Recommendation:**

THAT the recommended Tax and Accounts Receivable Arrears Write-Off of \$225,963.35 dated December 1, 2015, as Attachment 1, be approved.

### **Summary:**

Account Write-Off Policy FIN-080 guides the treatment of accounts of the Municipality. Account arrears in excess of \$3,000 per account and tax arrears that cannot be dealt with using standard processes are deemed uncollectible. 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 account 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 tax arrears, ten manufactured homes with a total outstanding tax amount of \$9,178.35 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. The taxpayers responsible for payment of the taxes cannot be located.

With respect to the accounts receivable arrears, one account has been identified for write-off. The account activity was for Solid Waste Disposal, Bulk Water Sales and Snow Dumps with a total outstanding amount of \$216,785. This company went into bankruptcy in September 2014 and the Municipality has an unsecured claim for the outstanding amount. However, there is minimal likelihood that any funds will be available to unsecured creditors.

**Budget/Financial Implications:**

Administration has established a bad debt allowance for the tax arrears and accounts receivable arrears to be written off in accordance with accounting principles. If Council approves the write-offs, there is no impact to the 2015 Operating Budget.

**Rationale for Recommendation:**

Administration followed the standard collection process, which includes:

- telephone contacts;
- demand letters and notices to property owners;
- engagement of an external collection agency; and
- referral to Legal Services Department for possible recovery.

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

**Strategic Plan Linkage:**

Pillar 1 – Building Responsible Government

**Attachment:**

1. Recommended Tax and Accounts Receivable Arrears Write-Off dated December 1, 2015