



**City of Lloydminster
Request for Decision (RFD)**

Subject Matter: 2023 Inactive Utility Accounts Deemed Uncollectible

Department: Chief Financial Officer

Presented By: Adèle Wakaruk

Council Meeting Date: December 11, 2023

Recommendation:

That Council approve an adjustment to bad debt expense for 23 utility accounts totaling \$1,704.10, as per the attached list of inactive utility accounts deemed uncollectible.

Issue: Outstanding utility (water, wastewater, garbage, and stormwater) arrears have been deemed uncollectible after internal and external collection attempts. For this reason, an adjustment to bad debt expense is recommended to ensure the utility accounts receivable balance is not overstated on the City's statement of financial position for year-ending December 31, 2023.

Background: When a customer is no longer receiving City utility services, a final bill is sent to the customer and the status of the account is set to inactive.

Utility arrears for inactive accounts can potentially be collected by transferring any outstanding balances to the related property tax account or an active utility account held by the same customer. However, not all accounts are eligible for these transfers. Such accounts are contacted for payment by City employees (internal collections), if unsuccessful then they are sent to an external collection agency. The external collection agency only accepts account balances greater than \$50.

As of November 16, the total outstanding utility arrears on inactive accounts was \$14,703.77 comprised of 96 accounts.

The 23 accounts that have been recommended to be adjusted to bad debt are:

- a) ineligible to be transferred to property taxes or an active utility account, **and**
- b) are in external collections, **or**
- c) are ineligible for external collections (balance is less than \$50.00).

The 73 accounts that have not been recommended to be adjusted to bad debt expense are either:

- a) eligible to be transferred to taxes or an active water account, **or**
- b) are in internal collections, **or**
- c) have not been outstanding for more than 30 days.



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Below is a table that demonstrates the history of utility account revenue deemed uncollectible.

Year	Amount Deemed Uncollectible	Annual Revenue (Utility Accounts)	Percentage of Revenue Deemed Uncollectible
2017	\$94,314	\$19,941,863	0.473%
2018/2019	\$139,700	(2018) \$19,736,436 (2019) 19,901,866	0.378%
2020	\$7694	\$18,921,511	0.041%
2021	\$5,313	\$22,789,248	0.023%
2022	\$7,313	\$21,267,425	0.034%
2023	\$1,704	(forecast) \$24,339,061	0.007%

Options:

1. That Council approve an adjustment to bad debt expense for the 23 utility accounts totaling \$1,704.10, as per the attached list of inactive utility accounts deemed uncollectible.
2. That Council request further information and that the item be brought forward to a future Regular Council Meeting for decision.

Alignment with Strategic Plan: This item is in alignment with the following strategic area: Delivering Good Governance.

Legal Review: N/A

Governance Implications: N/A

Budget/Financial Implications: The City will expense \$1704.10 to bad debt expense in the 2023 fiscal year.

Environmental Implications: N/A



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Report Approval Details

Document Title:	2023 Inactive Utility Accounts Deemed Uncollectible.docx
Attachments:	- 2023 11 16 UB Accounts Deemed Uncollectible.pdf
Final Approval Date:	Dec 5, 2023

This report and all of its attachments were approved and signed as outlined below:

Denise MacDonald

Doug Rodwell

Dion Pollard