



# TOWN POLICY

**POLICY NUMBER: 1815**

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**REFERENCE:**

Resolution No.  
373.12.22

**ADOPTED BY:**

Town Council  
December 7, 2022

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**PREPARED BY:** Strategic, Administrative &  
Financial Services

**DATE:** December 7, 2022

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**TITLE: Accounts Receivable Policy**

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## **POLICY STATEMENT**

The purpose of this policy is to provide uniform guidelines for the collection of accounts receivable due to the Town of Strathmore, creating a provision for accounts receivable deemed uncollectible, and subsequently writing off uncollectible accounts receivables.

The Town shall ensure the overdue accounts receivable practices are conducted in accordance with:

- I. Generally Accepted Accounting Principles (GAAP)
- II. the Tax Recovery Provisions of the MGA - Part 10, Division 8
- III. the Recovery of Amounts Owing by Civil Action as per MGA s. 552
- IV. the Addition of Amounts Owing to the Tax Roll as per MGA s. 553
- V. Freedom of Information and Protection of Privacy Act
- VI. Municipal Bylaws and Council Policies

## **1.0 DEFINITIONS**

1.1 The following terms set out in this Policy have the corresponding meanings:

- (a) "Accounts Receivable" means general receivables (including recreation, cemetery, shared services, fire department, planning, economic development, and affordable housing), utility accounts, taxes, permits, and licenses due to the Town.
- (b) "Allowance" means accounting entry/provision to set aside against the possibility of not being able to collect accounts receivable.

- (c) "Customer" means the person or business to which the Town provides goods or services.
- (d) "Town" means the corporation of the Town of Strathmore and includes all lands within its jurisdictional boundaries.
- (e) "Uncollectible" means an account which cannot be collected due to the circumstances of the debtor.
- (f) "Write off" means the accounting entries undertaken to remove an account receivable from the accounting records.

## **2.0 PURPOSE AND OBJECTIVE**

2.1 The objective of this policy is to:

- (a) To provide uniform guidelines for the collection of accounts receivable due to the Town of Strathmore.
- (b) Address the accounts receivable allowances and write off for:
  - (i) General Receivables
  - (ii) Utilities
  - (iii) Property Tax
  - (iv) Permits
  - (v) Licenses
- (c) Ensure adequate procedures are in place to write off accounts receivables.
- (d) Ensure proper authorizations are established to allow for timely write off of accounts receivables.
- (e) Establish a method of funding allowances and drawing from allowances.

## **3.0 RESPONSIBILITIES**

3.1 Town Council to:

- (a) Approve by resolution this policy and any subsequent amendments.
- (b) Consider the allocation of funds for successful implementation of this policy in the annual budget process.
- (c) Review and approve all uncollectible accounts receivables in excess of \$500, except property taxes.
- (d) Review and approve all uncollectible property taxes recommended by Administration.

3.2 Chief Administrative Officer to:

- (a) Support the implement this policy and approve procedures.

- (b) Support Administration in carrying out implementation plans for this policy.
- (c) Support recommendation of any exceptions to this policy.
- (d) Ensure every feasible means of collecting all accounts receivables are undertaken by staff.

3.3 Senior Manager of Financial Services to:

- (a) Provide guidance and direction to the parties responsible for the implementation of this policy and related procedures, as required.
- (b) Ensure every feasible means of collecting all accounts receivables are undertaken by staff.
- (c) Recommend any exceptions to this policy to the Chief Administrative Officer and Council.
- (d) Prepare requests for the write off of property tax accounts.
- (e) Review and approve write off submissions for uncollectable accounts receivables, other than property taxes, valued at \$500 or less.
- (f) Review write off submissions and prepare list of uncollectible accounts receivables in excess of \$500 for consideration by Council.
- (g) Prepare status reports to accompany recommendations to Council for write offs for property taxes and other write offs in excess of \$500.
- (h) Ensure all accounting entries are performed.
- (i) Prepare annual report for Council of all accounts receivable written off during the year.

3.4 Manager of Financial Planning, Budgeting & Analysis to:

- (a) Ensure implementation of this policy and related procedures.
- (b) Make recommendations to the Senior Manager of Financial Services of necessary policy or procedure amendments.
- (c) Ensure all necessary accounting entries are performed.
- (d) Observe all existing billing and collection procedures in the execution of daily tasks.
- (e) Prepare ongoing lists of account receivables which may require a write off.
- (f) Prepare recommended list of write offs to the Senior Manager of Financial Services indicating reasons for the recommendations.
- (g) Perform accounting entries necessary to effect the accounts receivables.
- (h) Ensure necessary follow-up with all due accounts receivables in excess of 30 days.
- (i) Ensure adherence to the Accounts Receivable Procedure.

**4.0 ACCOUNTS RECEIVABLE**

- 4.1 The Town will efficiently manage collections, minimizing lost revenue by collecting overdue accounts receivable balances.
- (a) Account payments shall be due within thirty (30) days of the bill date unless otherwise determined by Council.
  - (b) On the 31st day after the bill date, a bill is considered overdue.
  - (c) Penalty (finance) charges shall apply on any overdue accounts receivable in accordance with their respective bylaw.
  - (d) The Town shall use a collection agent on overdue accounts receivable.
  - (e) When a customer has an overdue amount on which payment could not be arranged or made, and the Town has a payable to the same customer, the customer's accounts payable may be set off (reduced) against that customer's accounts receivable amount.
  - (f) The Senior Manager of Financial Services may initiate a claim in small claims court if it is deemed to be the only means for collecting an overdue accounts receivable amount.
  - (g) All bankruptcies and receivership notices received by the Town showing outstanding debt to the Town shall be written off as appropriate.

**5.0 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

- 5.1 The Senior Manager of Financial Services will set up and determine an amount for an Allowance for Doubtful Accounts in accordance with Generally Accepted Accounting Principles.

**6.0 WRITE OFF OF ACCOUNTS**

- 6.1 Where accounts receivable amounts are due to the Town, all efforts within the established procedures will be followed in accordance with the Accounts Receivable Procedure.
- 6.2 From time to time, accounts receivable may remain outstanding and be deemed uncollectible as per the following criteria:
- (a) Debtor deceased and no funds available from the estate.
  - (b) Debtor files Statement of Bankruptcy.
  - (c) Account is dormant (at least 12 months) with respect to collection agent's ability to collect.
  - (d) Account is aged three (3) years or more.
  - (e) Other circumstances which may arise and as recommended by the Town's Senior Manager of Financial Services.

**7.0 APPROVAL**

7.1 This policy shall come into force and effect upon adoption by Council.

**END OF POLICY**



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MAYOR



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DIRECTOR OF STRATEGIC, ADMINISTRATIVE  
AND FINANCIAL SERVICES