

Clause 10 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 19, 2018.

10

2017 Accounts Receivable Write-off and Status Report

Committee of the Whole recommends adoption of the following recommendations contained in the report dated March 28, 2018 from the Commissioner of Finance:

1. Council receive for information the summary of accounts that were approved for write-off by the Regional Treasurer in 2017, shown in Table 1 of this report.
2. Council receive for information the status of the Region's Accounts Receivable as at December 31, 2017, reported in Attachment 1.

Report dated March 28, 2018 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. Council receive for information the summary of accounts that were approved for write-off by the Regional Treasurer in 2017, shown in Table 1 of this report.
2. Council receive for information the status of the Region's Accounts Receivable as at December 31, 2017, reported in Attachment 1.

2. Purpose

This report provides a summary of accounts receivable approved for write-off by the Regional Treasurer in 2017 and outlines the status of the Region's accounts receivable as at December 31, 2017.

3. Background

The Regional Treasurer must report any accounts written-off to Council

The Region's Collection of Accounts policy:

- Authorizes the Regional Treasurer to approve the write-off of uncollectible accounts for amounts up to and including \$25,000
- Requires Regional Council to approve the write-off of accounts in excess of \$25,000
- Requires the Regional Treasurer to report to Council accounts written-off for the fiscal year
- Requires the Regional Treasurer to report to Council on the status of outstanding accounts receivable as at the end of each fiscal year.

Finance processes all general receivables and Community and Health Services processes long-term care receivables

General receivables are comprised of all billings from various departments and are processed through the Finance department. Finance works with operating departments to collect outstanding accounts. In 2017, general billings totalled \$334.1M, of which \$275.1M (82.3 per cent) was for municipal water billings.

Long-term care receivables are comprised of billings for residents and day programs. The Region's Community and Health Services department processes these accounts and administers the collection of outstanding accounts. In 2017, billings were \$5.1M.

The total general and long-term care billings for 2017 were \$339.2M.

4. Analysis and Implications

The Regional Treasurer approved the write-off of 38 accounts totalling \$21,487.65 in 2017

The Regional Treasurer approved the write-off of 38 accounts totalling \$21,487.65. The 38 unrecoverable accounts consisted of 24 traffic collision claims, one overstrength wastewater surcharge and 13 long-term care accounts.

Table 1 summarizes the write-offs in 2017 and the 2016 comparables.

Table 1
Accounts Receivable Write-Off approved by the Regional Treasurer

Receivables	2017		2016	
	# of Accounts	Amount	# of Accounts	Amount
Traffic Collision Claims	24	\$12,034	38	\$24,407
Police Paid Duty	-	-	1	1,100
Bankrupt/Closed Entity	1	1,257	7	2,425
Long-Term Care Facilities	9	7,779	9	3,529
Long-Term Care Day Programs	4	417	-	-
Total	38	\$21,488	55	\$31,461
Average		\$565		\$572

The 38 approved write-offs represented 0.4 per cent of the 10,048 invoices issued in 2017 and 0.006 per cent of the \$339.2M in total billings.

The \$21,487.65 in receivables written-off consist of the following:

- Twenty-four accounts were for unrecoverable traffic collision claims costs totalling \$12,034.32. The write-offs for traffic collision claims account for 1.2 per cent of the total traffic collision claim billings of \$987,003.35. These unrecoverable amounts are due to instances where the insurance agencies have paid less than the replacement cost of materials and/or did not pay all of the administration fees.
- One account was for an Environmental Services overstrength wastewater surcharge of \$1,257.16. The business has closed and collection efforts were unsuccessful.
- Thirteen accounts for long-term care totalling \$8,196.17 were submitted for write-off in 2017. Community and Health Services have exhausted all efforts to collect these amounts for outstanding accommodation, cable, telephone and transportation charges.

There are no proposed write-offs for accounts greater than \$25,000 in 2017

In 2017, no accounts greater than \$25,000 have been identified for write-off.

2017 Accounts Write-offs and Receivable Status Report

As of December 31, 2017, the Accounts Receivable balance was \$70.6 million after write-offs

In 2017, total accounts receivable billings were \$339.2M. The outstanding receivables balance of \$70.6M, after write-off, represents 20.8 per cent of the total billings.

Table 2 summarizes the outstanding accounts receivable balance at year-end and provides a comparison with 2016.

Table 2
York Region Accounts Receivable as at December 31, 2017

Receivables	0 – 90 Days	90+ Days	Total
Local Municipalities	\$61,853,864	(\$28,242)	\$61,825,622
Other Municipalities	4,319,906	12,136	4,332,043
Federal & Provincial	944,430	579	944,998
Local Boards	79,442	1,879	81,321
Sundry ¹	2,618,790	355,764	2,974,554
Long-Term Care Facilities	443,964	7,444	451,408
Long-Term Care Day Programs	20,397	742	21,139
Total	\$70,280,782	\$350,303	\$70,631,084
% of Total Receivable	99.5%	0.5%	100.0%
2016 Comparison	\$82,766,337	\$2,221,327	\$84,987,664
% of Total Receivable	97.4%	2.6%	100.0%

¹Sundry receivables refer to accounts that do not fall into the other categories. These may include invoices for: traffic collision claims, road maintenance, waste disposal and police paid duty.

Year over year ending balances in accounts receivable may fluctuate due to timing of billings, receipt of payments, and invoice disputes.

As of February 28, 2018, 90.3 per cent of the year-end Accounts Receivable balance was collected

Of the \$70.6M outstanding at year-end, payments totalling \$63.8M (90.3 per cent) were received as of the end of February 2018. Table 3 below shows the portion of 2017 outstanding receivables collected by the end of February 2018.

Table 3
December 31, 2017 Accounts Receivable Outstanding
as of February 28, 2018

Receivables	Dec 2017	Collected	Feb 2018
Local Municipalities	\$61,825,622	\$60,574,712	\$1,250,910
Other Municipalities	4,332,043	574,961	3,757,082
Federal & Provincial	944,998	31,350	913,649
Local Boards	81,321	80,846	475
Sundry	2,974,554	2,092,514	882,040
Long-Term Care	472,547	452,206	20,341
Total	\$70,631,084	\$63,806,588	\$6,824,497
% of Total Receivable Outstanding	100.0%	90.3%	9.7%

Attachment 1 of this report details the Region’s receivables at year-end in five schedules:

Schedule 1: a summary of 2017 Accounts Receivables Aging showing 2017 balances owed to the Region and the 2016 comparables

Schedule 2: a summary of 2017 Local Municipalities’ Accounts Receivables Aging for over 90 day balances and the 2016 comparables

Schedule 3: a summary of 2017 Local Municipal Water Billing Accounts Receivables Aging for over 60 day balances

Schedule 4: highlights of the Other Municipalities category for over 90 day balances.

Schedule 5: highlights of significant accounts in the Sundry category for over 90 day balances

5. Financial Considerations

The accounts receivable write-off will be reflected in the 2017 Financial Statements

The accounts receivables approved for write-off by the Regional Treasurer totalled \$21,487.65. The write-offs were recognized as a bad debt expense and

were deducted from the Region's accounts receivables for the 2017 Financial Statements.

6. Local Municipal Impact

Of the \$70.6M total accounts receivables, \$61.8M is owed by local municipalities. Water billings account for \$56.9M (92.1 per cent) of this total. Almost all of the amount owing, \$60.6M, has been received as of February 28, 2017.

Regional staff continue to have discussions with staff from the local municipalities to ensure that outstanding receivables issues are resolved in a timely manner.

7. Conclusion

The write-off of 38 accounts approved by the Regional Treasurer for 2017 totalled \$21,487.65, representing 0.006 per cent of the total billings. The full write-off amount was recognized in 2017.

Of the \$70.6M receivables outstanding at December 31, 2017, \$63.8M or 90.3 per cent was collected as of February 28, 2018.

For more information on this report, please contact Joseph Silva, Director Strategy and Transformation Branch, at ext. 77201.

The Senior Management Group has reviewed this report.

March 28, 2018

Attachments (1)

eDocs #8294342

Accessible formats or communication supports are available upon request

Schedule 1

REGIONAL MUNICIPALITY OF YORK Accounts Receivable Aging As at December 31, 2017

Receivables	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total	2016 Total
Local Municipalities	\$46,111,480	\$44,856	\$15,697,528	(\$28,242)	\$61,825,622	\$75,653,535
Other Municipalities	4,259,096	12,716	48,093	12,136	4,332,043	581,990
Federal & Provincial Governments	937,921	6,499	-	579	944,998	809,943
Local Boards	79,442	-	-	1,879	81,321	1,102,227
Sundry ¹	2,269,371	298,789	50,630	355,764	2,974,554	6,359,738
Long-Term Care Facilities	423,838	13,865	6,261	7,444	451,408	457,746
Long-Term Care Day Programs	18,230	1,706	461	742	21,139	22,485
TOTAL - DECEMBER 2017	\$54,099,378	\$378,431	\$15,802,973	\$350,303	\$70,631,084	\$84,987,664
% OF TOTAL - DECEMBER 2017	76.6%	0.5%	22.4%	0.5%	100.0%	
TOTAL - DECEMBER 2016	\$41,961,393	\$1,183,624	\$39,621,320	\$2,221,327	\$84,987,664	
% OF TOTAL - DECEMBER 2016	49.3%	1.4%	46.6%	2.6%	100.0%	

Note: Numbers may not add due to rounding

Notes for 90+ Days:

- Local Municipalities: refer to Schedule 2 and 3 of this attachment for municipal breakdown
- Other Municipalities: refer to Schedule 4 of this attachment
- Sundry: refer to Schedule 5 of this attachment

¹Sundry receivables refer to accounts that do not fall into the other categories. These may include invoices for: traffic collision claims, road maintenance, waste disposal and police paid duty.

Schedule 2

REGIONAL MUNICIPALITY OF YORK
Local Municipal Accounts Receivable Aging
As at December 31, 2017

Municipality	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total	2016 Total
Aurora	\$2,561,594	\$ -	\$ -	(\$10,135)	\$2,551,459	\$28,326
East Gwillimbury	566,903	-	-	-	566,903	585,508
Georgina	5,913,994	-	-	193	5,914,187	1,429,650
King	36,085	-	-	(59)	36,026	-
Markham	15,137,109	10,886	15,632,809	1,675	30,782,479	32,369,508
Newmarket	3,583,923	7,826	-	(19,916)	3,571,834	3,358,832
Richmond Hill	47,900	25,334	64,719	-	137,954	192,279
Vaughan	16,929,154	810	-	-	16,929,964	36,387,837
Whitchurch Stouffville	1,334,818	-	-	-	1,334,818	1,301,595
MUNICIPAL TOTAL - DECEMBER 2017	\$46,111,480	\$44,856	\$15,697,528	(\$28,242)	\$61,825,622	\$75,653,535
MUNICIPAL TOTAL - DECEMBER 2016	\$36,528,636	\$112,430	\$39,010,135	\$2,334	\$75,653,535	

Note: Numbers may not add due to rounding.

Schedule 3

REGIONAL MUNICIPALITY OF YORK
Local Municipal Water Billing Accounts Receivable Aging
As at December 31, 2017

Municipality	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total	2016 Total
Aurora	\$2,559,501	\$ -	\$ -	\$ -	\$2,559,501	\$ -
East Gwillimbury	557,638	-	-	-	557,638	489,358
Georgina	1,379,315	-	-	-	1,379,315	1,423,618
King	-	-	-	-	-	-
Markham	15,036,674	-	15,632,359	-	30,669,033	32,210,352
Newmarket	3,566,573	-	-	-	3,566,573	3,309,697
Richmond Hill	-	-	-	-	-	-
Vaughan	16,822,194	-	-	-	16,822,194	36,221,383
Whitchurch Stouffville	1,334,818	-	-	-	1,334,818	1,268,180
WATER BILLING TOTAL - DECEMBER 2017	\$41,256,712	\$ -	\$15,632,359	\$ -	\$56,889,071	\$74,922,588
WATER BILLING TOTAL - DECEMBER 2016	\$35,918,404	\$ -	\$39,004,184	\$ -	\$74,922,588	

Note: Numbers may not add due to rounding.

Notes:

City of Markham:

- \$15.6M was received in 2018.

Schedule 4

REGIONAL MUNICIPALITY OF YORK
Other Municipalities Receivables for 90+ Days
As at December 31, 2017

Description	Amount
Simcoe County	\$11,875
Regional Municipality of Durham	261
Total - Other Municipalities	\$12,136

Notes:

Simcoe County:

- Payment was received in 2018.

Schedule 5

REGIONAL MUNICIPALITY OF YORK
Sundry Receivables for 90+ Days
As at December 31, 2017

Description	Amount
Environmental Services	\$185,563
Transportation Services	151,447
York Regional Police	11,183
Other	7,571
Total Sundry	\$355,764