

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 21, 2016.

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2015 Accounts Write-off and Receivable Status Report

Committee of the Whole recommends adoption of the following recommendations contained in the report dated March 24, 2016 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 2015, shown in Table 1 of this report.
2. Council receive for information the status of the Region's Accounts Receivable as at December 31, 2015, reported in Attachment 1.

Report dated March 24, 2016 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 2015, shown in Table 1 of this report.
2. Council receive for information the status of the Region's Accounts Receivable as at December 31, 2015, reported in Attachment 1.

2. Purpose

This report provides a summary of accounts approved for write-off by the Treasurer in 2015 and outlines the status of the Region's accounts receivable as at December 31, 2015.

3. Background

The Treasurer must report any accounts written-off to Council

The Region adopted a collection policy through Bylaw No. A-0184(a)-2003-064, (updated June 24, 2010) that:

- Authorizes the Regional Treasurer to approve the write-off of accounts that do not exceed \$25,000 that have been deemed uncollectible or not cost effective to pursue
- Requires Council approval of any individual write-offs over \$25,000
- Requires that the Regional Treasurer report all write-offs to Council each year
- Requires that the Regional Treasurer report to Council on the status of outstanding accounts receivable at the end of each year.

Regional Finance staff administer Accounts Receivables for the majority of the Region's billings and work with operating departments to collect outstanding accounts. Long Term Care accounts are administered through Community and Health Services. In accordance with the collection policy, the Region engages the services of an outside collection agency when necessary.

This report is based on invoices processed through the Region's billing system and does not include claims made to senior levels of government, provincial offences fines or year-end accruals of accounts.

4. Analysis and Options

The Regional Treasurer approved the write-off of accounts totalling \$8,193.21 in 2015

The Treasurer approved the write-off of 31 accounts totalling \$8,193.21 in 2015. The 31 accounts consisted of 27 unrecoverable traffic collision claims and 4 uncollectible Long Term Care accounts. This was the lowest dollar amount of total write-offs of the past 10 years.

Table 1 summarizes the Write-Offs in 2015 and the 2014 comparable.

Table 1
York Region Accounts Receivable Write-Offs

Receivables	2015		2014	
	# of Accounts	Amount	# of Accounts	Amount
Traffic Collision Claims	27	\$ 7,306	14	\$ 13,420
Police Paid Duty	0	0	1	2,738
Bankrupt/Closed Entity	0	0	3	1,546
Long Term Care Facilities	1	508	6	8,910
Long Term Care Day Programs	3	379	3	956
Total	31	\$ 8,193	27	\$ 27,570
Average		\$ 264		\$ 1,021

The total value of unrecoverable traffic collision claims was \$7,306.29 in 2015. This represents less than 1% of the total billings for traffic collision claims, which totalled approximately \$947,000.00. The \$7,306.29 represents the portion of the invoiced amounts for 27 traffic collision claims that insurers refused to pay. Invoiced amounts consist of labour, the replacement cost of materials, and administration fees.

Long Term Care receivables of \$886.92 were submitted for write-off in 2015. This represents approximately 0.02% of the total Long Term Care billings of \$4.8M. The department has exhausted all efforts to collect amounts from a former resident for accommodation and from three people who participated in community day programs.

In 2014, there were twenty-seven write-offs totalling \$27,569.60. The total value of the write-offs decreased by 70% in 2015. The 2015 decrease is primarily due to:

- A reduction of \$6,114 (46%) in unrecoverable traffic collision claims
- A reduction of \$8,979 (91%) in unrecoverable Long Term Care accounts.

There are no proposed write-offs for accounts greater than \$25,000 in 2015

In 2015, no accounts greater than \$25,000 need to be written off.

As of December 31, 2015, the Accounts Receivable balance was \$81.3 million

In 2015, total accounts receivable billings were approximately \$319.5M. The outstanding receivables balance of \$81.3M at December 31, 2015 represents 25% of the total billings.

Table 2 summarizes the outstanding accounts receivable balance at year end and provides comparable amounts for 2014.

Table 2
York Region Accounts Receivable as at December 31, 2015

	0 - 90 Days	90+ Days	Total	Dec 2014
Local Municipalities	\$ 64,729,338	\$ 3,736,164	\$ 68,465,502	\$ 63,043,690
Other Municipalities	5,822,338	4	5,822,342	4,544,096
Federal & Provincial	2,552,497	218,059	2,770,556	275,381
Local Boards	15,862	0	15,862	109,430
Sundry	3,318,388	491,126	3,809,514	4,063,332
Long Term Care Facilities	429,931	745	430,676	418,576
Long Term Care Day Programs	21,281	1,627	22,908	28,061
Total	\$ 76,889,635	\$ 4,447,725	\$ 81,337,360	\$ 72,482,566

The total accounts receivable balance at December 31, 2015 was up by \$9M (12%) from 2014. The overall increase is primarily due to the following:

- \$5M increase (9%) in local municipalities' receivables
 - Road reconstruction work for the City of Markham and Town of Whitchurch-Stouffville for which payment of \$4.6M was received in 2016.
- \$1M increase (28%) in other municipalities' receivables
 - The increase in "Other Municipalities" is amounts owing from the Region of Durham for the Duffin Creek Stage 1 & 2 Upgrades Project and York Durham Sewage System - Duffin Creek Water Pollution Control Plant Phase 3 Expansion Project.
- \$3M increase (906%) in federal and provincial receivables
 - The increase in federal and provincial receivables is a result of the commitment to reimburse costs for York Regional Police officers working at Pan Am games venues in the Region.

Of the \$81.3M outstanding at year-end, payments totalling \$45.9M (56.4%) were received as of the end of February 2016. Table 3 compares the outstanding receivables, \$81.3M, as of December 31, 2015 and \$35.5M, as of February 29, 2016.

Table 3
Accounts Receivable Outstanding at December 31, 2015
and February 29, 2016

	Dec 2015	Feb 2016
Local Municipalities	\$ 68,465,502	\$ 31,458,021
Other Municipalities	5,822,342	778,190
Federal & Provincial	2,770,556	2,302,194
Local Boards	15,862	5,865
Sundry	3,809,514	921,774
Long Term Care	453,584	12,349
Total	\$ 81,337,360	\$ 35,478,393

Attachment 1 of this report details the Region’s receivables at year end. This information is shown in the following six schedules:

1. Schedule 1 – a summary of 2015 Accounts Receivables table showing 2015 balances owed to the Region and the 2014 comparable
2. Schedule 2 – a summary of 2015 Local Municipalities’ accounts receivables with details for over 60 day balances and the 2014 comparable
3. Schedule 3 – a summary of 2015 Local Municipal Water Billing receivables with details for over 60 day balances
4. Schedule 4 - highlights significant accounts in the federal and provincial category with details for over 90 day balances
5. Schedule 5 – highlights significant accounts in the sundry category with details for over 90 day balances
6. Schedule 6 – a summary of payments received as of February 29, 2016 in relation to the balances as of December 31, 2015.

\$4.4M of all year-end accounts receivables (5.5%) is in the “90+ Days” category

The accounts receivables outstanding over 90 days total \$4.4M, down \$2.7M (38%) from 2014. All receivable categories over 90 days have shown a decrease, with the exception of the federal and provincial receivables, which increased by \$218,079 in 2015, primarily due to the increased presence of York Regional Police officers at the Pan Am games venues in the Region.

Of the \$4.4M outstanding for over 90 days, local municipalities are responsible for \$3.7M (84%), federal and provincial governments for \$218,059 (5%) and sundry accounts for \$491,126 (11%).

The \$3.7M in local municipalities’ receivables is shown in Attachment 1, Schedule 2:

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1. \$1.9M owing by the City of Markham for the Warden Avenue road reconstruction work completed by the Region on behalf of the City of Markham. Payment of \$1.5M was received in 2016. The City requires Council's approval to pay the balance owing.
2. \$52,412 related to a 50-50 cost sharing arrangement for a joint portal program between the City of Markham and the Region, where an outside company retained by the Region is used to deliver equipment and consulting services for the project. This amount was received in 2016.
3. \$1.8M as a cost recovery charge for reconstruction work on the Ninth Line completed by the Region on behalf of the Town of Whitchurch-Stouffville. This amount was received in 2016.
4. The Town of East Gwillimbury is withholding \$6,821 on a water billing invoice for the period July to August 2014. This amount was held back for costs associated with a watermain break. As of January 2016, a credit of \$3,340 was provided to the Town as part of the November to December 2015 water billing. The remaining amount of \$3,481 is anticipated in Q1 of 2016.

The \$218,059 in Federal and Provincial receivables is shown in Attachment 1, Schedule 4:

1. \$152,708 from the Ministry of Community Safety and Corrections for increased security from York Regional Police officers at the Pan Am games venues in the Region. This amount is expected in Q2 of 2016.
2. \$29,077 from Ontario Provincial Police for the assignment of a York Regional Officer. This amount was received in 2016.
3. \$27,306 from the GO Transit Commission for the construction of a well and SCADA system at the Richmond Hill platform. This amount was received in 2016.
4. \$8,968 from the Mental Health Commission of Canada and the Ministry of Transportation. These amounts were received in 2016.

The \$491,126 in sundry amounts is shown in Attachment 1, Schedule 5:

1. \$217,056 from insurance companies and individuals for traffic collision claims. In 2016, \$55,286 was received in payments.
2. \$197,750 from Ontario Research & Innovation Optical Network (ORION) for purchase of strands of fibre of the York Telecom Network. In December 2015, the Region received \$367,250, representing 65% of the

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original invoice and expects to receive the remaining \$197,750 in Q2 of 2016.

3. \$54,453 relates to three types of services rendered by the Region. Servirap owes \$27,165 for police incident reports. 2159645 Ontario Inc. and Planet Earth Recycling owe \$11,181 for overstrength wastewater surcharge fees. GFL Excavating Corp., 2024545 Ontario Inc. and Portable Toilet Rentals owe \$16,107 for liquid waste disposal. The full amount of \$54,453 was received in 2016.
4. \$5,000 relating to annual fees from Teraspan Networks for telecommunication infrastructure along the roadways owned by the Region. Finance is continuing to follow up on collection of this amount.
5. \$16,867 in miscellaneous receivables for 22 different companies for various services rendered by the Region. \$12,603 was received in 2016. Finance is working with the departments for collection of the remaining \$4,264.

Link to key Council-approved plans

This report is consistent with the 2015 to 2019 Strategic Plan's priority area of Good Government.

5. Financial Implications

The accounts write-off will be reflected in the 2015 Financial Statements

The accounts receivables approved for write-off by the Regional Treasurer totalled \$8,193.21. The write-offs will be recognized as a bad debt expense and will be written off the Region's accounts receivables in the 2015 Financial Statements. An allowance for doubtful accounts has not been provided for as of December 31, 2015.

6. Local Municipal Impact

Of the \$81.3M total accounts receivables, \$68.5M is owed by local municipalities. Approximately \$45.9M has been received as of February 29, 2016.

Of the \$68.5M in local municipalities' receivables, water billings account for \$63.5M (92.7%). Approximately \$37.5M has been received as of February 29, 2016.

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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 accounts approved by the Regional Treasurer for 2015 totalled \$8,193.21. The full write-off amount was recognized in 2015.

For more information on this report, please contact Warren Marshall, Director Controllershship Office, at Ext. 71601.

The Senior Management Group has reviewed this report. March 24, 2016

Attachments (1)

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The table below summarizes the aging of Accounts Receivables as of December 31, 2015

Table 1

REGIONAL MUNICIPALITY OF YORK						2014 Total
Accounts Receivable Aging						
As at December 31, 2015						
	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total	
Local Municipalities	\$ 44,858,039	\$ 129,766	\$ 19,741,533	\$ 3,736,164	\$ 68,465,502	\$ 63,043,690
Other Municipalities	2,616,854	3,116,983	88,501	4	5,822,342	4,544,096
Federal & Provincial Governments	375,228	52,652	2,124,617	218,059	2,770,556	275,381
Local Boards ¹	14,129	(997)	2,730	0	15,862	109,430
Sundry	2,834,218	435,442	48,728	491,126	3,809,514	4,063,332
Long Term Care Facilities	409,109	12,903	7,919	745	430,676	418,576
Long Term Care Day Programs	19,325	1,714	242	1,627	22,908	28,061
DECEMBER 2015 CORPORATE TOTAL	\$ 51,126,902	\$ 3,748,463	\$ 22,014,270	\$ 4,447,725	\$ 81,337,360	\$ 72,482,566
% OF TOTAL - DECEMBER 2015	62.8%	4.6%	27.1%	5.5%	100.0%	
DECEMBER 2014 CORPORATE TOTAL	\$ 44,764,544	\$ 3,492,294	\$ 17,082,885	\$ 7,142,844	\$ 72,482,566	
% OF TOTAL - DECEMBER 2014	61.7%	4.8%	23.6%	9.9%	100.0%	

Note: Numbers may not add due to rounding

1. **The Local Board** credit of \$997 in the 31-60 days column was issued to Markham District High School for returns of October 2015 transit tickets and passes. Transit has advised the school to use this credit for future purchases.

Notes for 90+ Days:

- Local Municipal: refer to Schedule 2 of this attachment
- Local Municipal Water: refer to Schedule 3 of this attachment
- Federal & Provincial Governments: refer to Schedule 4 of this attachment
- Sundry: refer to Schedule 5 of this attachment

The table below summarizes the amounts outstanding for local municipalities as of December 31, 2015

Table 2

REGIONAL MUNICIPALITY OF YORK Local Municipal Accounts Receivable Summary As at December 31, 2015							2014 Total
	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total		
Aurora	\$ 36,999	\$ 0	\$ 37,970	\$ 0	\$ 74,969	\$ 1,843,650	
East Gwillimbury ³	613,849	7,139	1,922	6,821	629,731	1,672,469	
Georgina	1,182,666	202	0	0	1,182,868	3,146,854	
King	565,454	240	0	0	565,694	406,313	
Markham ¹	13,063,929	33,371	1,007	1,909,188	15,007,495	14,695,823	
Newmarket	3,263,246	18,515	15,071	0	3,296,832	2,770,482	
Richmond Hill	8,172,719	66,246	0	0	8,238,965	7,537,410	
Vaughan	16,815,267	4,053	19,685,563	0	36,504,883	29,955,537	
Whitchurch-Stouffville ²	1,143,910	0	0	1,820,155	2,964,065	1,015,152	
TOTAL RECEIVABLE - DECEMBER 2015	\$ 44,858,039	\$ 129,766	\$ 19,741,533	\$ 3,736,164	\$ 68,465,502	\$ 63,043,690	
TOTAL RECEIVABLE - DECEMBER 2014	\$ 40,195,456	\$ 178,665	\$ 17,009,032	\$ 5,660,536	\$ 63,043,690		

Note: Numbers may not add due to rounding.

Local municipal Notes:

The \$3.7M in the over 90 Day column is made up of:

1. City of Markham:
 - \$1.9M is the City of Markham's share of work undertaken by the Region for the reconstruction and widening of Warden Avenue between 16th Avenue and Major Mackenzie Drive. Payment of \$1.5M was received in 2016. The balance of \$386,629 was a result of unexpected costs resulting from a watermain relocation. The City requires their Council's approval to pay the balance owing.
 - \$52,412 is related to a 50-50 cost sharing arrangement for a joint portal program between the City of Markham and the Region where an outside company retained by the Region is used to deliver parts and consulting services to the project. This amount was received in 2016.
2. Whitchurch-Stouffville:
 - \$1.8M is owed for work undertaken by the Region, upon the Town's request, to make improvements to the watermain, sewer, culvert, streetlight, sidewalk and landscape at various locations on the Ninth Line. This amount was received in 2016.
3. Town of East Gwillimbury:
 - \$6,821 is related to water billing. Refer to Table 3 on Schedule 3.

The following table identifies the amounts outstanding from local municipalities' water billing as of December 31, 2015

Table 3

REGIONAL MUNICIPALITY OF YORK					
Local Municipal Water Billing Receivable Summary					
As at December 31, 2015					
	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total
Aurora	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
East Gwillimbury ¹	\$ 537,272	\$ 0	\$ 0	\$ 6,821	\$ 544,093
Georgina	1,159,626	0	0	0	1,159,626
King	478,751	0	0	0	478,751
Markham	12,976,283	0	0	0	12,976,283
Newmarket	3,219,410	0	0	0	3,219,410
Richmond Hill	7,909,891	0	0	0	7,909,891
Vaughan ²	16,401,484	0	19,679,787	0	36,081,271
Whitchurch Stouffville	1,101,501	0	0	0	1,101,501
TOTAL RECEIVABLE - DECEMBER 2015	\$ 43,784,218	\$ 0	\$ 19,679,787	\$ 6,821	\$ 63,470,827
TOTAL RECEIVABLE - DECEMBER 2014	\$ 38,954,066	\$ 0	\$ 17,008,100	\$ 3,557,967	\$ 59,520,133

Note: Numbers may not add due to rounding.

Water Billing Notes:

1. Town of East Gwillimbury:
 - \$6,821 is the balance remaining on a water billing invoice for the period July to August 2014. This amount was held back for costs associated with a watermain break. A credit of \$3,340 was provided to the Town as part of the November to December 2015 water billing. The remaining amount of \$3,481 is expected to be received from the Town in Q1 of 2016.
2. City of Vaughan:
 - \$19.7M is outstanding for July to August 2015 water billing. This amount was received in 2016.

The following table identifies the over 90 day amounts outstanding from the federal and provincial governments as of December 31, 2015

Table 4

Description	Amount
Ministry of Community Safety and Corrections ¹	\$ 152,708
Ontario Provincial Police ²	29,077
GO Transit Commission ³	27,306
Mental Health Commission of Canada ⁴	6,455
Ministry of Transportation ⁵	2,513
Total	\$ 218,059

Note: Numbers may not add due to rounding.

Federal and Provincial Government Notes:

1. The Ministry of Community Safety and Corrections owes \$152,708 for the presence of York Regional Police officers at Pan Am games venues in the Region. This amount is expected in the second quarter of 2016.
2. Ontario Provincial Police owe \$29,077 for the assignment of a York Regional Police officer. This amount was received in 2016.
3. GO Transit Commission owes \$27,306 for a well construction and SCADA system installation project at the Richmond Hill GO Transit platform. The project is complete and the amount was received in 2016.
4. The Mental Health Commission of Canada owes \$6,455 relating to trained police representatives being present at the Youth Mental Health conferences throughout the Region. This amount was received in 2016.
5. The Ministry of Transportation owes \$2,513 for repairs completed by the Region's contractors on roads that are under the jurisdiction of the Ministry of Transportation. This amount was received in 2016.

The following table identifies the over 90 day amounts outstanding for sundry receivables as of December 31, 2015

Table 5

Description	Amount
Traffic Collision Claims ¹	\$ 217,056
Ontario Research & Innovation Optical Network (ORION) ²	197,750
Servirap ³	27,165
Liquid Waste Disposal ⁴	16,107
Overstrength Wastewater Surcharge Fees ⁵	11,181
TeraSpan Networks ⁶	5,000
Miscellaneous ⁷ (22 Accounts)	16,867
Total Sundry	\$ 491,126

Note: Numbers may not add due to rounding.

Sundry Notes:

1. Traffic Collision Claims of \$217,056 includes:
 - \$122,011 related to claims billed to insurance companies. \$41,802 was received in 2016. The remaining \$80,209 is continuing to be followed up by Finance and Transportation Services. Receipt is expected in Q1 of 2016.
 - \$95,045 related to claims billed to individuals; \$13,484 was received in 2016. Legal and Transportation Services are assisting with the collection of the remaining \$81,561. Receipt of this amount is expected by Q3 of 2016.
2. Under a Fibre Sale Agreement between the Region and the Ontario Research & Innovation Optical Network (ORION), the Region agreed to sell certain strands of fibre of the York Telecom Network to ORION for \$565,000. ORION anticipates receiving federal funding towards this purchase. Under the Agreement, the Region issued an invoice for \$565,000 to ORION. The Region's work was completed on December 3, 2015 and staff are working with ORION to confirm the timing of their testing prior to final strand ownership being transferred to ORION. In December 2015, the Region received \$367,250 (65%) and expects to receive the remaining \$197,750 (35%) in Q2 of 2016.
3. Servirap owes \$27,165 for police incident reports by the York Regional Police. This amount was received in 2016.
4. \$16,107 is related to 3 companies for disposal of liquid waste at the Region's depots. The amount was received in 2016.
5. \$11,181 is related to 2 companies for overstrength wastewater surcharge fees. This amount was received in 2016.
6. Teraspan Networks owes \$5,000 relating to annual fees for access agreements for telecommunication infrastructure along the Region's roadways. Finance is continuing to follow up and payment is expected in Q2 of 2016.
7. \$16,867 relates to 22 miscellaneous companies that owe small amounts to Police, Transportation Services, Environmental Services and Community and Health Services. \$12,603 was received in 2016. Finance continues to work with departments in the collection of the remaining \$4,264.

The table below represents the payments received as of February 29, 2016 for accounts outstanding at December 31, 2015

Table 6

	Payments received as of February 29, 2016				
	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total
ACCOUNTS RECEIVABLE					
Local Municipalities	\$ 13,845,116	\$ 104,606	\$ 19,714,689	\$ 3,343,070	\$ 37,007,481
Other Municipalities	2,183,510	2,860,575	-	68	5,044,152
Federal & Provincial	312,643	37,599	23,691	94,428	468,362
Local Boards	9,997	-	-	-	9,997
Sundry	2,646,603	93,161	25,633	122,343	2,887,740
Long Term Care	422,930	10,453	6,246	1,606	441,235
TOTAL RECEIVED	\$ 19,420,798	\$ 3,106,395	\$ 19,770,259	\$ 3,561,514	\$ 45,858,967

Note: Numbers may not add due to rounding.