

Clause No. 4 in Report No. 8 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 17, 2014.

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2013 ACCOUNTS RECEIVABLE WRITE-OFF AND STATUS REPORT

Committee of the Whole recommends adopt of the recommendation contained in the following report dated March 26, 2014 from the Commissioner of Finance:

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 2013, in accordance with Bylaw No. A-0184(a)-2003-064, summarized in *Attachment 1*.
2. Council receive for information the status of Accounts Receivable as at December 31, 2013, reported in *Attachment 2*.

2. PURPOSE

This report provides a summary of accounts approved for write-off by the Treasurer in 2013. The report also provides the status of the Region's accounts receivables as at December 31, 2013.

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, nor does it include year-end accruals of accounts. For example, uncollected fines under the Provincial Offences Act are addressed in a separate report.

4. ANALYSIS AND OPTIONS

The Regional Treasurer approved the write-off of accounts totalling \$16,156.27 in 2013

Forty-five accounts totalling \$16,156.27 were approved for write-off in 2013. The forty-five accounts consisted of twenty unrecoverable traffic collision claims, two bankrupt/closed entities and twenty-three uncollectible long-term care accounts. These accounts are summarized in *Attachment 1*.

In 2012, there were forty-six general write-offs totalling \$20,234.68. The total of 2013 accounts receivable write-offs at December 31, 2013 was \$16,156, a decrease of \$4,079 (-20%) from 2012. The decrease is primarily due to a reduction of \$3,659 (-33%) in unrecoverable traffic collision claims.

There are no proposed write-offs for accounts greater than \$25,000 in 2013

In last year's report, Council approved a write-off of \$87,346.90 for an uncollectible Long Term Care account. In April 2013, \$63,428.71 was received through a lien recovery upon sale of property held by the estate, reducing the write-off for this account to \$23,918.19.

As of December 31, 2013, the Accounts Receivable balance was \$35.7 million

In 2013, total accounts receivable billings exceeded \$246M. The outstanding receivables balance of \$35.7M at December 31, 2013 represents 15% of the total billings.

The accounts receivable balance at December 31, 2013 was down \$19.0M (-35%) from 2012. The decrease is primarily due to a decrease of \$7.0M (-20%), and \$9.7M (-74%) in local and other municipality receivables.

Of the \$35.7M outstanding at year-end, payments totalling \$7.9M (22%) were received in January 2014.

Table 1 summarizes the outstanding accounts receivable balance at year end.

Table 1
York Region Accounts Receivable as at December 31, 2013

	0 – 90 Days	90+ Days	Total	Dec 2012
Local Municipalities	\$ 20,307,678	\$ 6,950,819	\$ 27,258,498	\$ 34,112,986
Other Municipalities	2,517,632	908,383	3,426,015	13,110,631
Federal & Provincial	46,120	309,012	355,132	1,798,961
Local Boards	875,057	1,069	876,127	862,799
Sundry	1,929,875	1,449,962	3,379,837	4,382,083
Long Term Care	399,030	7,712	406,742	433,295
Total	\$ 26,075,394	\$ 9,626,958	\$ 35,702,352	\$ 54,700,755

Note: Numbers may not add due to rounding.

Attachment 2 of this report details the Region's receivables at year end. This information is shown in the following four schedules:

1. Schedule 1 – a summary 2013 Accounts Receivable table showing 2013 balances owed to the Region with 2012 comparators
2. Schedule 2 – a summary of Local Municipality accounts receivables with further details for over 90 day balances
3. Schedule 3 – highlights significant accounts in the sundry category with further details for over 90 day balances
4. Schedule 4 – a summary of payments received in January 2014 in relation to the aging balances as of December 31, 2013.

\$9.6M of all year-end receivables (27%) is in the “90+ Days” category

The receivables over 90 days total \$9.6M, down \$11.0M (-53%) from 2012. The decrease is primarily due to a decrease of \$10.3M (-92%) in other municipality receivables. Local municipalities are responsible for 72 % of the amount outstanding over 90 days. The following are included in this amount and detailed in *Attachment 2, Schedule 2*:

1. East Gwillimbury is withholding a \$446,988 payment for November/December 2012 water billings until a credit for billings in 2012 is processed by the Region. The credit is contingent on executing a co-management agreement between the Region, East Gwillimbury and Newmarket, which is expected to occur in the third quarter of 2014.
2. \$2.1M is due from the Town of Georgina for costs related to a transportation project. Payment is expected in the first quarter of 2014.
3. \$3.1M is due from the City of Markham relating to disputed water charges. The Region continues to hold discussions with the City to resolve this issue.
4. Costs for water and road works totalling \$329,983 are due from the City of Vaughan. Payment is anticipated by the second quarter of 2014.
5. \$960,360 is due from Whitchurch Stouffville for road construction works. Payment was received in January 2014.

5. FINANCIAL IMPLICATIONS

The account write-offs will be reflected in the 2013 Financial Statements

The accounts receivable approved for write-off by the Regional Treasurer totalled \$16,156.27. These amounts were expensed in 2013, and will be reflected in the 2013 Financial Statements.

6. LOCAL MUNICIPAL IMPACT

Of the \$35.7M receivables, \$27.3M is owed from local municipalities. Approximately \$7.0M (26%) of this amount is in the “90+ Days” category.

Regional staff continues to have discussions with local municipal staff to ensure any outstanding receivable issues are resolved in a timely manner.

7. CONCLUSION

The write-offs approved by the Regional Treasurer for 2013 totalled \$16,156.27. The full write-off amount was recognized in 2013. The outstanding accounts receivable balance as at December 31, 2013 totalled \$35.7M, a decrease of \$19.0M from 2012.

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

The Senior Management Group has reviewed this report.

Attachment (2)

Summary of Accounts less than \$25,000 written off in 2013

The majority of billings are processed through the Controllershship Office, Finance. Long Term Care's accounts are administered through Community and Health Services. In 2013 total billings exceeded \$246 million.

The Regional Treasurer approved the write-off of forty-five accounts totalling \$16,156.27, with an average account balance of \$359.03.

In 2012, forty-six accounts totalling \$20,234.68 were written off. The average account balance was \$439.88.

Analysis of Accounts (as per Table 1 below):

Twenty accounts totalling \$7,452.53 were the result of traffic collision claims. The average invoice value was \$372.63. These accounts consist of claims where the insured or insurer refused to pay the Region's administrative fee, or the difference between the depreciated and replacement cost of the Region's damaged property. Also included in the balance are outstanding amounts after the acceptance of a settlement negotiated by the Regional Solicitor.

Two accounts totalling \$1,389.81 were for entities that were either bankrupt or out of business. The average invoice value was \$694.91. These accounts are uncollectible due to the insolvency of the companies involved.

Twenty-three accounts totalling \$7,313.93 were for Long Term Care. The average invoice value was \$318.00. All uncollectible accounts consist of either deceased or discharged residents who had a balance remaining that has been deemed uncollectible.

Table 1

General Receivables	Write Offs 2013		Write Offs 2012	
	# of Accounts	Amount	# of Accounts	Amount
Traffic Collisions	20	\$7,452	24	\$11,111
Paid Duty	N/A	-	3	719
Bankrupt/Closed Entity	2	1,390	1	354
Long Term Care	23	7,314	18	8,051
Total	45	\$16,156	46	\$20,235
Average		\$359		\$440

Note: Numbers may not add due to rounding.

The table below summarizes the aging of Accounts Receivables as of December 31, 2013

Table 2

REGIONAL MUNICIPALITY OF YORK						2012 Total
Accounts Receivable Aging						
As at December 31, 2013						
	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total	
Local Municipalities	\$ 20,157,062	\$ 132,429	\$ 18,187	\$ 6,950,819	\$ 27,258,498	\$ 34,112,986
Other Municipalities	2,267,929	-	249,703	908,383	3,426,015	13,110,631
Federal & Provincial	38,552	7,568		309,012	355,132	1,798,961
Local Boards *	894,831	(23,440)	3,666	1,069	876,127	862,799
Sundry	1,680,335	200,108	49,432	1,449,962	3,379,837	4,382,083
Long Term Care ACL Programs**	1,455	250	25	103	1,833	1,940
Long Term Care Day Programs	10,106	7,505	2,354	3,528	23,492	26,887
Long Term Care Facilities	364,317	11,552	1,467	4,081	381,417	404,468
TOTAL	\$ 25,414,586	\$ 335,973	\$ 324,833	\$ 9,626,958	\$ 35,702,350	\$ 54,700,755
% OF TOTAL - DECEMBER 2013	71.2%	0.9%	0.9%	27.0%	100%	
DECEMBER 2012 TOTAL	\$ 6,078,142	\$ 27,562,880	\$ 463,714	\$ 20,596,020	\$ 54,700,755	
% OF TOTAL - DECEMBER 2012	11%	50%	1%	38%	100%	

Note: Numbers may not add due to rounding.

* *Local Board Credits – Monthly rental payments for office space received from Markham Stouffville Hospital are more than amount invoiced, resulting in a credit on their account in the amount of \$27K. The account is reconciled at their year-end in March.*

** *Alternative Community Living*

The following table identifies the amounts outstanding with the Region's local municipalities as of December 31, 2013

Table 3

REGIONAL MUNICIPALITY OF YORK						2012 Total
Local Municipal Accounts Receivable Summary						
As of December 31, 2013						
	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total	
Aurora	\$ 1,545,645	-	-	-	\$ 1,545,645	\$ 46,704
East Gwillimbury	567,829	1,433	-	445,988	1,015,250	1,314,139
Georgina	950,720	2,500	-	2,071,950	3,025,170	951,158
King	324,807	2,458	-	-	327,265	289,756
Markham	17,177	27,158	-	3,142,598	3,186,934	15,467,096
Newmarket	2,697,267	24,022	8,230	-	2,729,518	2,704,317
Richmond Hill	111,127	47,858	9,957	-	168,943	75,271
Vaughan	13,087,142	27,000	-	329,923	13,444,064	12,454,551
Whitchurch Stouffville	855,348	-	-	960,360	1,815,708	809,993
TOTAL RECEIVABLE - DECEMBER 2013	\$ 20,157,062	\$ 132,429	\$ 18,187	\$ 6,950,819	\$ 27,258,498	\$ 34,112,986
TOTAL RECEIVABLE - DECEMBER 2012	\$ 723,290	\$ 25,967,488	\$ 245,009	\$ 7,177,199	\$ 34,112,986	

Municipal Notes:

The \$6.95M in the over 90 Day column is made up of:

1. East Gwillimbury:
 - \$446K payment is withheld for November/December 2012 water billing until the 2012 credit is received by East Gwillimbury. The credit is contingent on signing a co-management agreement between East Gwillimbury, Newmarket and the Region.
2. Georgina:
 - \$2.1M for costs related to a Transportation & Community Planning (T&CP) project. Payment is expected in the first quarter of 2014.
3. Markham:
 - \$3.1M is withheld for water disputes for the periods 2010-2013.
 - \$31K is owing for York Region Police (YRP) Clandestine Operation cost recovery. A Memorandum of Understanding was signed between YRP and the City agreeing the payment can be delayed until the City recovers the funds from the homeowner.
4. Vaughan:
 - \$243K is pending a security draw request for the Teston Road Interchange project.
 - \$87K is owing for an Environmental Services invoice relating to Teston Rd watermain recovery. Payment is expected in the first quarter of 2014.
5. Whitchurch Stouffville:
 - \$960K is owing for construction of the Gormley Fire Protection System. The Region's invoice exceeded the Town's budgeted amount. Payment was received in January.

The following table details sundry amounts over 90 days in the accounts receivable as of December 31, 2013

Table 4

COMPANY NAME	Amount
Bell Canada ¹	\$ 90,801
CanAr Coach Services ²	343,411
Tokmakjian Group ²	99,662
First Student Transportation ³	39,221
Veolia Transportation ⁴	272,356
York BRT Services ⁴	475,691
Other Miscellaneous ⁵	128,820
TOTAL SUNDRY	\$ 1,449,962

1. Bell Canada is disputing charges related to Stouffville Road construction delay.
2. CanAr Coach and Tokmakjian owe \$443K – a settlement is pending approval.
3. First Student maintains a balance after their contract was severed during the strike in 2012. The \$39K remains outstanding since that time and is not expected to be collected.
4. Veolia Transportation and York BRT Service disputed insurance liability charges. Payment was received in January.
5. Other Miscellaneous invoices make up \$129K, of which:
 - \$65K is for various collision claims debtors who are currently in discussions with Legal or are making monthly payments to settle their accounts.
 - \$60K is for various Owner Controlled Insurance Program invoices to contractors.

The table below represents the payments received in January, 2014 for accounts outstanding at December 31, 2013

Table 5

Payments received in January 2014					
	Current	31 - 60 Days	61 - 90 Days	90+ Days	Total
ACCOUNTS RECEIVABLE					
Local Municipalities	\$ 4,539,918	\$ 106,570	\$ 4,457	\$ 960,360	\$ 5,611,305
Other Municipalities	-	-	-	-	-
Federal & Provincial	5,650	-	-	-	5,650
Local Boards	720,181	2,147	147	442	722,917
Sundry	323,245	90,178	11,040	781,677	1,206,139
Long Term Care	361,190	15,951	2,659	2,037	381,837
TOTAL RECEIVED	\$ 5,950,184	\$ 214,846	\$ 18,303	\$ 1,744,515	\$ 7,927,848

Note: Numbers may not add due to rounding.