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ACCOUNTS RECEIVABLE STATUS AND WRITE-OFF REPORT

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, February 21, 2008, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Council receive for information accounts summarized in Attachment #1 which were approved for write-off by the Regional Treasurer in accordance with By-law No. A-0184(a)-2003-064.
2. Council receive for information the status of Accounts Receivable as at December 31, 2007 as reported in Attachment #2.

2. PURPOSE

The purpose of this report is to provide information to Council regarding the write-off of uncollectible accounts and to report on the status of accounts receivable that are covered under the Region's Collection By-law as at December 31, 2007.

3. BACKGROUND

The Region's collection policy, as adopted through the enactment of By-law No. A-0184(a)-2003-064, provides authority to the Regional Treasurer to approve accounts with a value of up to \$10,000 for write-off where they have been deemed uncollectible or not cost effective to pursue. A summary of accounts written off in the fiscal year must be reported to Council.

The Finance Department conducts collection of General Accounts Receivable accounts and provides assistance to operating departments in collections of accounts for which they are responsible. In accordance with the collection policy, the Region engages the services of an outside collection agency to further enhance the overall collection of accounts.

The collection policy also requires that the Regional Treasurer report annually to Council the status of outstanding accounts receivable as at the end of the fiscal year.

4. ANALYSIS AND OPTIONS

Accounts Approved for Write-Off By Regional Treasurer

Accounts totalling \$34,437 have been approved for write-off by the Regional Treasurer in the category of General Accounts Receivable as summarized in Attachment #1.

Status of Accounts Receivable

In accordance with the Regional Collection Policy, a summary of the Region's Accounts Receivable Status as at December 31, 2007 is provided in Attachment #2.

Of the \$40.6M in general accounts receivable outstanding as of December 31, 2007, approximately \$19.4M has been paid to date in 2008. This amount is included in Note 1 of Attachment #2 and are payments primarily relating to local municipal water and wastewater billings. Payments in transit of \$7.9M in the "31-60 Day" column consist mainly of payments issued by local municipalities for water and wastewater not yet received by the Region.

The "Over 90 Day" column includes approximately \$4.2M in disputed water and wastewater charges. Staff is currently reviewing this matter with the local municipalities affected.

Also included in the "Over 90 Day" column, is the \$2.7M receivable from local municipalities for roads work. A commitment has been made to pay these amounts pending additional detail to be supplied by the Region. An additional \$1.4M in the "Over 90 Day" column is owed to the Region for insurance premiums. A commitment has been made to pay this, pending adjustments resulting from ongoing contract changes in 2007. Both receivables totalling \$4.1M are expected to be collected before the end of the first quarter of 2008.

This Accounts Receivable Status and Write-off Report only includes invoices processed through the Region's billing system and does not include claims made to senior levels of government, nor does it include accruals of accounts for the fiscal year-end reporting purposes. For example, not included, are uncollected fines assessed under the Provincial Offences Act. They are under the control of the Ministry of the Attorney General.

The balance of the outstanding accounts is being dealt with in accordance with the Region's collection policy.

5. FINANCIAL IMPLICATIONS

The accounts receivable approved for write-off by the Regional Treasurer total \$34,437. The full amount of the write-off is accounted for in 2007 operations. The write-off includes \$25,966 for traffic accident claims. This represents 3.6% of all traffic accident claims (\$721,126) billed in 2007. During 2007, a total of \$160,619,699 was processed through the billing system. The write-off of \$34,437 is 0.02% of all billings processed.

There are no accounts in excess of \$10,000 being recommended for write-off at this time.

6. LOCAL MUNICIPAL IMPACT

The "Over 90 Day" column includes approximately \$4.2M in disputed water and wastewater charges. A consultant had been engaged by Environmental Services to investigate the issue. The impact on the affected local municipalities has not been determined.

7. CONCLUSION

The write-offs approved by the Regional Treasurer for 2007 total \$34,437. The full amount has been allowed for and has been charged to operations in 2007.

For more information on this report, please contact Dan Murack, Supervisor, Revenue and Expenditure Control at Ext. 1639.

The Senior Management Group has reviewed this report.

(The attachments referred to in this clause were included in the agenda for the March 8, 2008 Committee meeting.)