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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 14, 2007, from the Commissioner of Finance:**

## 1. RECOMMENDATIONS

It is recommended that:

1. Regional 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, 2006 as reported in Attachment #2.

## 2. PURPOSE

The purpose of this report is to provide information to Regional 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, 2006.

## 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 Regional 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 Region's Council approved 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 Regional Council the status of outstanding accounts receivable as at the end of the fiscal year.

# 4. ANALYSIS AND OPTIONS

## 4.1 Accounts Approved for Write-off by Regional Treasurer

Accounts totalling $83,762 have been approved for write-off by the Treasurer in the category of General Accounts Receivable as summarized in Attachment #1.

## 4.2 Status of Accounts Receivable

In accordance with the Regional Collection Policy, a summary of the Region's Accounts Receivable status as at December 31, 2006 is provided in Attachment #2.

Of the $33.9 million in general accounts receivable outstanding as of December 31, 2006, approximately $16.1 million has been paid to date in 2007. This amount is included in Note 1 of Attachment #2 and are payments relating to local municipal water and wastewater billings. Payments in transit of $5.3 million consist mainly of payments issued by local municipalities for water and wastewater not yet received by the Region.

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, the Ontario Municipal Partnership funds declared by the province are not reflected in the status report. Also, not included, are uncollected fines assessed under the Provincial Offences Act. They are under the control of the Ministry of the Attorney General.

The "Over 90 Day" column includes approximately $4.2 million in disputed water/wastewater charges. The consulting firm of R.V. Anderson had been engaged by Transportation and Works to investigate the issue and mediate the allocation of charges. The report has been completed and staff are currently reviewing this matter with the area municipalities.

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 Treasurer total $83,762. The full amount of the write-off is accounted for in 2006 operations.

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 $4.2 million in disputed water/wastewater charges. A consultant had been engaged by Transportation and Works to investigate the issue and mediate the allocation of charges. The impact on the affected municipalities has not been determined.

Other significant amounts in the "Over 90 Day" column include $0.5M which represents funds for which Council has adopted a resolution to set a by-law and waive the fees charged to municipalities for "non-residential residual waste". Staff are to report back to Council on the implications and issues related to the waiving of the fees, at which time this receivable may be reversed.

## 7. CONCLUSION

The write-offs approved by the Treasurer for 2005 totalling $91,566. The full amount has been allowed for in 2005 and will have no impact on 2006 operations.

The Senior Management Group has reviewed this report.

*(The attachments referred to in this clause were included in the agenda for the March 8, 2006 Committee meeting.)*