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2010 ACCOUNTS RECEIVABLE STATUS AND WRITE-OFF REPORT

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated February 1, 2011, 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 (updated June 24, 2010).

2. Council approve the write-off of uncollectible accounts totalling $1,065,385, as listed in Attachment 2.

3. Council receive for information the status of Accounts Receivable as at December 31, 2010 reported in Attachment 3.

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, 2010. This report also seeks approval to write-off accounts over $25,000 deemed to be uncollectible.

3. BACKGROUND

The Treasurer is required to report on the status of the Region's receivables

The Region's collection policy, as adopted through the enactment of By-law No. A-0184(a)-2003-064 (updated June 24, 2010), provides authority to the Regional Treasurer to approve accounts with a value of up to $25,000 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.

In addition, the Regional Treasurer must annually report to Council the status of outstanding accounts including a summary of accounts written-off in the previous fiscal year and seek authority for the write-off of any accounts in excess of $25,000.

The Region has updated its Collection Policy

The Region's collection policy was updated in 2010 to reflect new business requirements and sector specific characteristics in order to ensure continuous improvement in the collection and credit assessment processes.

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.

4. ANALYSIS AND OPTIONS

Accounts approved for write-off by Regional Treasurer

Fifty accounts totalling $36,378.16 have been approved for write-off by the Regional Treasurer in the category of General Accounts Receivable in 2010. These accounts are summarized in Attachment 1. Thirty-six accounts pertain to traffic accident claims where the insurer refused to pay the Region's administration fee. Eleven accounts are related to bankrupt or insolvent companies. Three accounts are related to deceased or discharged Long Term Care residents.

Accounts seeking approval from Council for write-off

It is recommended that accounts totalling $1,065,385 be approved for write-off by Regional Council in the category of General Accounts Receivable as summarized in Attachment 2. Both accounts represent companies that have claimed bankruptcy. Info Place Ticket Centres, a major lottery retailer for the Ontario Lottery and Gaming Corporation and a long-time York Region Transit fare media agent that claimed bankruptcy, accounts for $1,042,089 of the total write-off. The total percentage of proposed write-off for InfoPlace Ticket Centres is 98% (proposed write-offs of accounts over $25,000) and 95% of the potential total write-off (all accounts). The total write-off has been fully expensed against operations in previous years.

The year end accounts receivable balance decreased by 19% from 2009

In accordance with the Regional Collection Policy, a summary of the Region's Accounts Receivable Status as at December 31, 2010 is provided in Attachment 3.

The accounts receivable balance at December 31, 2010 was $61.3M, a decrease of 19% ($14.4M) from 2009. The year-over-year decrease in accounts receivable from 2009 is due mainly to the receipt of Metrolinx funding invoiced in 2009 of $30M, offset in 2010 by billing of approximately $11M to the Region of Durham with respect to the Duffin Creek cost sharing agreement and $4M to the Township of King to recover expenditures for sanitary sewer works.

Of the $61.3M in general accounts receivable outstanding as of December 31, 2010, approximately $49.1M had been paid as of January 31st, 2011. Amounts collected in January 2011, included in Note 1 of Attachment 3, are payments primarily relating to local municipal water and wastewater billings.

Accounts in the 90 day outstanding columns include approximately $1.2M receivable from the Town of Markham. These amounts, included in Note 2 of Attachment 3, are payments primarily relating to local municipal water and wastewater billings that have been withheld. Staff is currently reviewing these matters with Markham to work to a resolution of billing issues. Additional information has been supplied to Markham in order to expedite the negotiation of settlement for these outstanding amounts. The 90 day amount also includes the $1.1M recommended for write-off, shown in Attachment 2.

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. This item will be the subject of a future report to Council.

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 $36,378.16. This write-off impacts operations in 2010, as the amounts have been expensed in 2010.

The accounts receivable seeking approval for write-off through Regional Council total $1,065,385. There is no operational impact in 2010 as these expenses were recognized in previous periods.

6. LOCAL MUNICIPAL IMPACT

Accounts receivable in the 30, 60 and 90 day outstanding columns, of the accounts receivable ageing, include approximately $2.26M in disputed water and wastewater charges with the Town of Markham. The overall impact to the local municipality involved is not yet certain, as discussions are ongoing between the Region and the Town.

7. CONCLUSION

The write-offs approved by the Regional Treasurer for 2010 total $36,378.16. The full write-off amount has been recognized in 2010.

The accounts receivable seeking approval for write-off through Regional Council total $1,065,385. These have been recognized in previous periods, and therefore will have no impact on operations in 2010.

For more information on this report, please contact Dan Murack, Supervisor Revenue and Expenditure Control at Ext. 1639 or Warren Marshall, Director Financial Services at Ext. 1601.

The Senior Management Group has reviewed this report.

(The three attachments referred to in this clause are attached to this report.)

THE REGIONAL MUNICIPALITY OF YORK

SUMMARY OF ACCOUNTS LESS THAN $25,000 WRITTEN OFF IN 2010

<u>General Accounts Receivable:</u>

The Regional Treasurer approved for write-off 50 accounts totalling $36,378.16 with an average account balance of $727.56.

Thirty six accounts totalling $21,696.86 were the result of traffic accident claims. The average invoice value was $602.69. 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.

Eleven accounts totalling $9,453.29 were related to customer bankruptcy or exhausted collection efforts by Regional staff and the Region's collection agency. The average invoice value was $859.39. These accounts are uncollectible due to the insolvency of the companies involved, or occurred as the result of debtors that could not be located.

Three accounts totalling $5,228.01 were items for Long Term Care. All uncollectable accounts consist of either deceased or discharged residences that have had a balance remaining which has been deemed uncollectable. The average invoice value was $1,742.67.

ACCOUNTS RECEIVABLE WRITE-OFFS

Category	# of Accounts	Amount ($)
Traffic Accident Claims	36	21,697
Bankruptcy	11	9,453
Long Term Care	3	5,228
	50	**36,378**
AVERAGE		**728**

SUMMARY OF ACCOUNTS OVER $25,000 RECOMMENDED FOR WRITE-OFF

Bankrupt Entities

There are 27 invoices, with billing over $25,000, totaling $1,065,385, for which write-offs are being requested, both companies have claimed bankruptcy.

1.	**Feb 22/02**	**28012-IN**	**GT Telecom Services Corp**	**$**	**23,294.89**
2.	**Oct 17/08**	**55915-IN**	**Infoplace Ticket Centre's**	**$**	**75,541.60**
3.	**Oct 17/08**	**55916-IN**	**Infoplace Ticket Centre's**	**$**	**97,341.97**
4.	**Oct 17/08**	**55917-IN**	**Infoplace Ticket Centre's**	**$**	**16,616.57**
5.	**Oct 17/08**	**55918-IN**	**Infoplace Ticket Centre's**	**$**	**13,285.03**
6.	**Oct 17/08**	**55919-IN**	**Infoplace Ticket Centre's**	**$**	**23,125.94**
7.	**Nov 28/08**	**56655-IN**	**Infoplace Ticket Centre's**	**$**	**92,955.07**
8.	**Nov 28/08**	**56656-IN**	**Infoplace Ticket Centre's**	**$**	**77,764.91**
9.	**Nov 28/08**	**56657-IN**	**Infoplace Ticket Centre's**	**$**	**21,810.16**
10.	**Nov 28/08**	**56658-IN**	**Infoplace Ticket Centre's**	**$**	**27,547.10**
11.	**Nov 28/08**	**56659-IN**	**Infoplace Ticket Centre's**	**$**	**9,885.94**
12.	**Dec 12/08**	**57287-IN**	**Infoplace Ticket Centre's**	**$**	**75,799.07**
13.	**Dec 12/08**	**57288-IN**	**Infoplace Ticket Centre's**	**$**	**76,997.37**
14.	**Dec 12/08**	**57289-IN**	**Infoplace Ticket Centre's**	**$**	**17,810.95**
15.	**Dec 12/08**	**57290-IN**	**Infoplace Ticket Centre's**	**$**	**12,554.70**
16.	**Dec 12/08**	**57291-IN**	**Infoplace Ticket Centre's**	**$**	**21,759.25**
17.	**Jan 23/09**	**57865-IN**	**Infoplace Ticket Centre's**	**$**	**84,279.17**
18.	**Jan 23/09**	**57866-IN**	**Infoplace Ticket Centre's**	**$**	**89,538.36**
19.	**Jan 23/09**	**57867-IN**	**Infoplace Ticket Centre's**	**$**	**17,904.93**
20.	**Jan 23/09**	**57868-IN**	**Infoplace Ticket Centre's**	**$**	**11,828.28**
21.	**Jan 23/09**	**57869-IN**	**Infoplace Ticket Centre's**	**$**	**21,675.06**
22.	**Feb 20/09**	**58226-IN**	**Infoplace Ticket Centre's**	**$**	**1,312.84**
23.	**Feb 20/09**	**58227-IN**	**Infoplace Ticket Centre's**	**$**	**10,823.82**
24.	**Feb 20/09**	**58228-IN**	**Infoplace Ticket Centre's**	**$**	**61,065.12**
25.	**Feb 20/09**	**58229-IN**	**Infoplace Ticket Centre's**	**$**	**19,573.15**
26.	**Feb 20/09**	**58230-IN**	**Infoplace Ticket Centre's**	**$**	**13,679.57**
27.	**Feb 20/09**	**58231-IN**	**Infoplace Ticket Centre's**	**$**	**49,613.76**

ACCOUNTS RECEIVABLE STATUS AS AT December 31, 2010						2009
	CURRENT	31-60	61-90	OVER 90	TOTAL	TOTAL
A) GENERAL ACCOUNTS RECEIVABLE						
FEDERAL & PROVINCIAL	65,975	56,450	39,895	3,632	165,953	230,797
MUNICIPAL (Note 1, 2, 3 and 4)	4,688,783	24,271,943	12,449,581	1,555,722	42,966,029	41,340,097
LOCAL BOARDS	926,473	- 249	- 75	-	926,149	99,304
SUNDRY	14,613,102	398,366	41,786	1,536,402	16,589,655	34,067,880
SUB-TOTAL	20,294,333	24,726,510	12,531,187	3,095,757	60,647,786	75,738,077
B) LONG-TERM CARE						
ACL	2,093	240	980	4,193	7,506	6,632
REGIONAL DAY PROGRAMS	14,480	5,091	1,602	7,267	28,440	22,497
LONG TERM CARE	354,811	28,205	13,051	234,900	630,967	676,272
SUB-TOTAL	371,384	33,536	15,633	246,360	666,913	705,401
December 2010 CORPORATE TOTAL	**20,665,717**	**24,760,046**	**12,546,820**	**3,342,117**	**61,314,699**	**75,738,077**

Notes:

1 The spreadsheet below outlines amounts paid (and committed amounts) as of January, 31, 2011 that appear outstanding in the amounts receivable as of December, 31, 2010, above.

	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Paid	12,947,316	23,965,874	11,905,218	283,247	49,101,655
Payments in Process	130,982	17,500		16,000	164,482
	13,078,298	**23,983,374**	**11,905,218**	**299,247**	**49,266,137**

2 The “Over 30, 60 & 90 Day” column includes approximately $2.26 million in disputed water/wastewater charges billed to the Town of Markham

Markham W&W Invoices Partcially Paid

Date	Invoice #	Original Amount	Paid	Balance Owing
26/03/2010	66041	6,840,530	6,491,426	349,104
11/06/2010	67180	7,325,359	6,979,597	345,762
06/08/2010	68431	9,293,275	8,786,350	506,925
08/10/2010	69649	10,101,707	9,514,784	586,922
26/11/2010	70425	8,347,594	7,871,603	475,991
		Total Withheld		**2,264,704.08**

3 The "Over 90 Day" column includes an additional $1.065 million
being requested for write-off. This amount includes $1.042 million representing Infoplace Ticket Centre invoices.