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2011 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 7, 2012, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. Council receive for information accounts that were approved for write-off by the Regional Treasurer in accordance with Bylaw No. A-0184(a)-2003-064 (updated June 24, 2010) summarized in *Attachment 1*.

2. Council approve the write-off of uncollectible accounts totalling $89,832 as listed in *Attachment 2*.

3. Council receive for information the status of Accounts Receivable as at December 31, 2011 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 Bylaw as at December 31, 2011. 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 Bylaw 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 and seek authority for the write-off of any accounts in excess of $25,000.

The Region continues to improve its collection and credit assessment processes

The Region continues to monitor and enforce its Collection Policy in order to adapt to 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 totalled $90,195

Fifty-five accounts totalling $90,195 have been approved for write-off by the Regional Treasurer in the category of General Accounts Receivable in 2011. These accounts are summarized in *Attachment 1*. Thirty-nine accounts pertain to traffic accident claims where the insurer refused to pay the Region's administration fee. Sixteen accounts are related to deceased or discharged Long Term Care residents.

Three accounts require approval from Council for write-off totalling $89,832

It is recommended that accounts totalling $89,832 be approved for write-off by Council in the category of General Accounts Receivable relating to Long-Term Care operations as summarized in *Attachment 2*. Uncollectible accounts consist of the accounts of deceased or discharged residents, where no Power of Attorney, estate, or associated assets exist in order to make a claim, or legal or legislative limitations do not allow for collection. The total write-off would be fully expensed against operations in 2011 and written off the Region's receivables in 2012.

The year-end accounts receivable balance remains relatively consistent on a year-over-year basis

In accordance with the Regional Collection Policy, a summary of the Region's Accounts Receivable Status as at December 31, 2011 is provided in *Attachment 3*.

The accounts receivable balance at December 31, 2011 was $69.4M, an increase of 13% ($8.2M) from 2010. The year-over-year increase in accounts receivable from 2010 is due mainly to an increase in local municipality receivables representing water/waste water billings ($4.1M), and outstanding construction invoices to the Ministry of Transportation in relation to Teston Road and #400 area development ($4.1M). Both of these balances are expected to be reduced by collections in Q1 2012.

Accounts in the 90 day outstanding category include approximately $2.1M receivable from the Towns of Markham, Newmarket, and East Gwillimbury. These amounts, included in Note 1 of *Attachment 3*, are payments primarily relating to local municipal water and wastewater billings that have been withheld. Staff are currently reviewing these matters with the local municipalities to attempt to a resolve billing issues. Additional information is currently being developed through an independent consulting firm, in order to reconcile differences in consumption records between the local municipalities and the Region.

The “Over 90 Day” sundry accounts receivable column increased by $5.6M in 2011. This can be attributed mostly to an outstanding receivable with the Region of Durham relating to cost recovery work done on the Duffin Creek WPCP Facility ($5.1M). The collection of the receivables in Note 2 of *Attachment 3* is actively being sought through reconciliation or negotiation. It is expected that most of these amounts will be collected or settled by the end of the first quarter of 2012.

Of the $69.4M in general accounts receivable outstanding as of December 31, 2011, approximately $4.6M had been paid as of January 21st, 2011. Amounts collected in January 2012, included in Note 3 of *Attachment 3*, are payments primarily relating to current amounts from local municipalities and sundry accounts.

This Accounts Receivable Status and Write-off Report 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 fiscal year-end reporting purposes. For example, uncollected fines assessed under the Provincial Offences Act are addressed in a separate report.

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 $90,195. The amounts have been expensed in 2011.

Staff are requesting Council approval to write-off $89,832 in outstanding accounts receivable. These expenses would be recognized in 2011, and written off the Region's accounts receivables in 2012.

6. LOCAL MUNICIPAL IMPACT

Of the accounts receivable outstanding over 90 days, approximately $2.1M are related to disputed water and wastewater charges with the Towns of Markham, Newmarket, and East Gwillimbury, totalling $1.1M, $280,000, and $796,000, respectively. The overall impact to the local municipality involved is not yet certain, as discussions are ongoing between the Region and the Towns, and independent research on consumption differences is currently taking place.

7. CONCLUSION

The write-offs approved by the Regional Treasurer for 2011 total $90,195. The full write-off amount has been recognized in 2011.

Staff are requesting approval to write-off a further $89,832.

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 2011

General Accounts Receivable:

The Regional Treasurer approved the write-off of fifty-five accounts totalling $90,195, with an average account balance of $1640.

Thirty-nine accounts totalling $39,922 were the result of traffic accident claims. The average invoice value was $1,024. 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.

Sixteen accounts totalling $50,273 originated from Long Term Care. All uncollectible accounts consist of either deceased or discharged residents with unpaid balances that have been deemed uncollectible. The average invoice value was $3,142.

ACCOUNTS RECEIVABLE WRITE-OFFS

Category	# of Accounts	Amount ($)
Traffic Accident Claims	39	39,922
Long Term Care	16	50,273
	55	**90,195**
AVERAGE		**1,640**

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

Long Term Care

All items over $25,000 recommended for write-off are the result of Long Term Care operations. There are three items with an account average over $25,000 for which write-off has been requested.

Three accounts totalling $89,832.13 are being submitted for write-off in Long Term Care. Uncollectible accounts consist of either deceased or discharged residents, where no Power of Attorney, estate, or associated assets exist in order to make a claim, or legal or legislative limitations do not allow for collection. These accounts have unpaid balances that have been deemed uncollectible. The average invoice value is $29.944.04

	Admission Date	Invoice Number	Reason For Write-off	Total
1	03/13/2000	Account# 862	Rate reduction denied by Ministry	$39,775.22
2	01/17/2001	Account# 998	Deceased 2009, No Estate	$24,586.81
3	11/16/2005	NHC2161-03	Legal Settlement	$25,470.10
				$89,832.13
	Account Average			$29,944.04

ACCOUNTS RECEIVABLE STATUS AS AT December 31, 2011							2010
		CURRENT	31-60	61-90	OVER 90	TOTAL	TOTAL
A) GENERAL ACCOUNTS RECEIVABLE							
	FEDERAL & PROVINCIAL	4,291,220	18,448	3,221	675	4,313,564	165,953
	MUNICIPAL (Note 1)	32,588,091	320,005	12,095,240	2,169,105	47,172,441	42,966,029
	LOCAL BOARDS	396,332	5,214			401,546	926,149
	SUNDRY (Note 2)	7,863,136	1,307,730	767,965	7,134,360	17,073,191	16,589,655
SUB-TOTAL(Note 3)		45,138,780	1,651,397	12,866,426	9,304,140	68,960,742	60,647,786
B) LONG-TERM CARE							
	ACL	1,737	226	475	-	2,438	7,506
	REGIONAL DAY PROGRAMS	13,686	13,082	3,143	2,849	32,759	28,440
	LONG TERM CARE	359,174	16,422	3,907	87,618	467,121	630,967
SUB-TOTAL (Note 4)		374,597	29,729	7,525	90,467	502,318	666,913
December 2011 CORPORATE TOTAL		**45,513,376**	**1,681,126**	**12,873,950**	**9,394,607**	**69,463,060**	**61,314,699**

Notes:

1 The spreadsheet below outlines amounts outstanding with the Region's nine local municipalities as of December 31, 2011.

As of December 31, 2011	Total	Current	30 Days	60 Days	Over 90 Days
MUNICIPAL (Note 1, 2, 3 and 4)					
Aurora	1,374,668	1,361,068	13,600	-	-
East Gwillimbury	703,868	424,381	1,335	371	277,780
Georgina	804,666	804,666	-	-	-
King	640,451	608,489	-	-	31,962
Markham	23,075,843	9,894,319	82,203	12,036,408	1,062,913
Newmarket	2,963,097	2,100,441	66,207	-	796,450
Richmond Hill	4,866,126	4,853,914	12,212	-	-
Vaughan	12,029,491	11,828,432	142,599	58,460	-
Whitchurch/Stouffville	714,232	712,382	1,850	-	-
Total	**47,172,441**	**32,588,091**	**320,005**	**12,095,240**	**2,169,105**

2 The "Over 90 Day" column under Sundry totals $7.134 million. The make up of these accounts is as follows:

Sundry	
Toronto Airways Ltd.	162,737
Region of Durham	5,072,227
Toronto Transit Comm	1,685,729
Other miscellaneous	213,666
	7,134,360

3 The spreadsheet below outlines amounts paid as of January, 21, 2012 that appear outstanding in the amounts receivable as of December, 31, 2011, above.

	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Local Municipalities	1,563,543	165,391	140,664		1,869,598
Other	2,223,000	385,911	151,907	24,037	2,784,855
	3,786,543	**551,301**	**292,570**	**24,037**	**4,654,453**

4 Long Term Care balances were reduced by approximately $164,000 due to write offs under $25,000 of approximately $50,570 and increased collection efforts resulting in a further $125,000.