4
ACCOUNTS RECEIVABLE STATUS AND WRITE-OFF REPORT

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated March 16, 2009, 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, 2008 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, 2008.

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 $23,569 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, 2008 is provided in Attachment #2.

Of the $69.6M in general accounts receivable outstanding as of December 31, 2008, approximately $31.3M has been paid, and $29.9M is committed to be paid, as of January 30th, 2009. These amounts, included in Note 1 of Attachment #2, are payments primarily relating to local municipal water and wastewater billings, and cost recovery amounts for the King and Duffin Creek sewer projects. The year-over-year increase in accounts receivable from 2007 of approximately $30M is due mainly to billing for these projects and activities.

The "Over 90 Day" column includes approximately $5.2M in disputed water and wastewater charges, and $415K in roads work, receivable from local municipalities. Staff is currently reviewing these matters with the local municipalities affected. Additional information has been supplied to local municipalities in order to expedite the negotiation of settlement for these outstanding amounts.

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 $23,569. The full amount impacts operations in 2008.

6. LOCAL MUNICIPAL IMPACT

The “Over 90 Day” column includes approximately $5.2M in disputed water and wastewater charges attributable to local municipalities. Additional information has been supplied to local municipalities in order to expedite the negotiation of settlement for these outstanding amounts. The overall impact to the local municipalities involved is not yet certain.

7. CONCLUSION

The write-offs approved by the Regional Treasurer for 2008 total $23,569. The full amount impacts operations in 2008.

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 two attachments referred to in this clause were included in the agenda for the April 9, 2009 meeting.)

THE REGIONAL MUNICIPALITY OF YORK

SUMMARY OF ACCOUNTS LESS THAN $10,000 WRITTEN OFF IN 2008

General Accounts Receivable:

The Regional Treasurer approved for write-off 53 accounts totalling $23,569.56 with an average account balance of $444.71.

Thirty accounts totalling $10,895.97 were the result of traffic accident claims. The average invoice value was $363. 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.

Twenty-three accounts totalling $12,673.59 were related to customer bankruptcy or exhausted collection efforts by Regional staff and the Region's collection agency. The average invoice value was $551. These accounts are uncollectible due to the insolvency of the companies involved, or occurred as the result of debtors that could not be located.

ACCOUNTS RECEIVABLE WRITE-OFFS

Category	# of Accounts	Amount ($)
Traffic Accident Claims	30	10,895
Bankruptcy/Uncollectable	23	12,674
	53	**23,569**
AVERAGE		**445**

REGION OF YORK
ACCOUNTS RECEIVABLE STATUS
AS AT DECEMBER 31, 2008

	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL	2007 TOTAL
A) GENERAL ACCOUNTS RECEIVABLE						
FEDERAL & PROVINCIAL	49,508	1,320	0	28,468	79,296	646,445
MUNICIPAL (Note 1, 2, 3 and 4)	16,890,872	16,274,183	9,101,306	14,375,459	56,641,819	33,204,282
LOCAL BOARDS	705,682		30,000		735,682	653,266
SUNDRY	8,645,890	2,193,755	329,944	926,616	12,096,205	5,429,548
SUB-TOTAL	**26,291,952**	**18,469,258**	**9,461,250**	**15,330,543**	**69,553,002**	**39,933,541**
B) LONG-TERM CARE						
ACL	1,180	9	0	844	2,033	5,040
REGIONAL DAY PROGRAMS	10,566	5,224	2,203	4,293	22,286	0
LONG TERM CARE	355,323	42,279	30,317	270,448	698,367	707,180
SUB-TOTAL	**367,069**	**47,512**	**32,520**	**275,585**	722,686	**712,220**
2008 CORPORATE TOTAL	**26,659,021**	**18,516,770**	**9,493,770**	**15,606,128**	**70,275,688**	**40,645,761**
% OF TOTAL - 2008	**37.9%**	**26.3%**	**13.5%**	**22.2%**		

Notes:

1 The spreadsheet below outlines amounts paid (and committed amounts) as of January, 30, 2009 that appear outstanding in the amounts receivable as of December, 31, 2008, above.

	CURRENT	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Paid	2,223,713	11,300,455	9,152,523	8,612,167	31,288,858
Payments in Process	22,293,989	6,868,259		696,009	29,858,257
	24,517,702	**18,168,714**	**9,152,523**	**9,308,176**	**61,147,116**
	2,141,319	348,056	341,247		

2 The “Over 90 Day” column includes approximately $5.2 million in disputed water/wastewater charges and $415K of road capital dispute. These amounts are currently being reviewed with the local municipalities affected.

3 When combining amounts collected for "Over 90 day" amounts in note 1 and aged items in note 2. The remaining amount to be collected, as per the Regional collection policy, in the "Over 90 day" column, is less than $650K.

4 2008 Long-term Care receivables include amounts owed to Keswick and Maple Health Centre day programs, 2007 figures did not include these programs.