

Clause 8 in Report No. 8 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 23, 2015.

8

2014 Accounts Write-off and Receivable Status Report

Committee of the Whole recommends adoption of the following recommendations contained in the report dated April 1, 2015 from the Commissioner of Finance:

1. Recommendations

It is recommended that:

1. Council approve the write-off of uncollectible accounts totalling \$69,840.29.
2. Council receive for information the summary of accounts that were approved for write-off by the Regional Treasurer in 2014, in accordance with Bylaw No. A-0184(a)-2003-064, summarized in Attachment 1.
3. Council receive for information the status of Accounts Receivable as at December 31, 2014, reported in Attachment 2.

2. Purpose

This report seeks authority to write-off two uncollectible accounts that are over \$25,000 each.

This report also provides a summary of accounts approved for write-off by the Treasurer in 2014 and outlines the status of the Region's accounts receivable as at December 31, 2014.

### 3. Background

The Treasurer must report any accounts written-off to Council

The Region adopted a collection policy through Bylaw No. A-0184(a)-2003-064, (updated June 24, 2010) that:

- Authorizes the Regional Treasurer to approve the write-off of accounts that do not exceed \$25,000 that have been deemed uncollectible or not cost effective to pursue
- Requires Council approval of any individual write-offs over \$25,000
- Requires that the Regional Treasurer report all write-offs to Council each year
- Requires that the Regional Treasurer report to Council on the status of outstanding accounts receivable at the end of each year.

Regional Finance staff administer Accounts Receivables for the majority of the Region's billings and work with operating departments to collect outstanding accounts. Long Term Care accounts are administered through Community and Health Services. In accordance with the collection policy, the Region engages the services of an outside collection agency when necessary.

This report is based on invoices processed through the Region's billing system and does not include claims made to senior levels of government, nor does it include year-end accruals of accounts. For example, uncollected fines under the Provincial Offences Act are addressed in a separate report.

### 4. Analysis and Options

There is a proposed write-off of two accounts greater than \$25,000 in 2014 totalling \$69,840.29

There are two amounts over \$25,000 each for which write-off is being requested. Both of these accounts have been outstanding since 2013 and it has been determined they are not collectible.

#### First Student Canada

Four invoices totalling \$39,221.23 pertaining to First Student Canada are being proposed for write-off. The terms of the transit contract held First Student Canada responsible for a deductible for each insurance claim filed by the Region. The outstanding amount relates to unpaid deductible charges. The contract with

## 2014 Accounts Write-off and Receivable Status Report

First Student was cancelled in 2012 and the company refused to pay outstanding invoices for these insurance deductibles.

### City of Markham

One account totalling \$30,619.06 is being proposed for write-off. The uncollectible account is for the City of Markham, billed in accordance with an agreement between the City and York Regional Police to recover costs incurred to cleanup properties that contained illegal drug operations. The terms of the agreement stated that the City does not have to pay the invoice until they recover funds from the homeowner. The property has been sold and the City will not be able to recover the funds from the homeowner.

The Regional Treasurer approved the write-off of accounts totalling \$27,569.60 in 2014

Twenty-seven accounts totalling \$27,569.60 were approved for write-off by the Treasurer in 2014. The twenty-seven accounts consisted of fourteen unrecoverable traffic collision claims, one police paid duty, one bankrupt entity (3 accounts) and nine uncollectible long-term care accounts. These accounts are summarized in Attachment 1.

In 2013, there were forty-five write-offs totalling \$16,156.27. The total value of the write-offs increased by \$11,413.30 in 2014. The increase is primarily due to unrecoverable traffic collision claims.

The total value of unrecoverable traffic collision claims was \$13,420 in 2014. (The total billing for traffic collision claims in 2014 exceeded \$806,000.) In particular, one entity that was involved in a traffic collision did not have automobile insurance and was billed directly for property damages to the Region totalling \$8,370.62. Subsequently, the entity ceased its operations; as a result, the amount was unrecoverable.

As of December 31, 2014, the Accounts Receivable balance was \$72.5 million

In 2014, total accounts receivable billings exceeded \$279M. The outstanding receivables balance of \$72.5M at December 31, 2014 represents 26% of the total billings.

The accounts receivable balance at December 31, 2014 was up by \$36.8M (103%) from 2013. The increase is primarily due to an increase of \$35.8M (132%) in local municipality water billing receivables. Due to the timing of the December 2014 water billing compared to 2013, no payments had been received prior to year-end. As a result, receivables were higher than normal at year-end 2014.

## 2014 Accounts Write-off and Receivable Status Report

Of the \$72.5M outstanding at year-end, payments totalling \$62.9M (86.8%) were received as of the end of February 2015.

Table 1 summarizes the outstanding accounts receivable balance at year end.

**Table 1**  
**York Region Accounts Receivable as at December 31, 2014**

	<b>0 – 90 Days</b>	<b>90+ Days</b>	<b>Total</b>	<b>Dec 2013</b>
Local Municipalities	\$ 57,383,154	\$ 5,660,536	\$ 63,043,690	\$ 27,258,498
Other Municipalities	4,010,490	533,606	4,544,096	3,426,015
Federal & Provincial	275,851	(20)	275,831	355,132
Local Boards	112,944	(3,514)	109,430	876,127
Sundry	3,121,866	941,467	4,063,332	3,379,837
Long Term Care	435,870	10,769	446,637	406,742
<b>Total</b>	<b>\$65,339,723</b>	<b>\$7,142,844</b>	<b>\$72,482,566</b>	<b>\$ 35,702,352</b>

*Note: Numbers may not add due to rounding.*

Attachment 2 of this report details the Region's receivables at year end. This information is shown in the following four schedules:

1. Schedule 1 – a summary 2014 Accounts Receivable table showing 2014 balances owed to the Region and 2013 comparators
2. Schedule 2 – a summary of Local Municipality accounts receivable and further details for over 90 day balances and 2013 comparators
3. Schedule 3 – highlights significant accounts in the sundry category with further details for over 90 day balances
4. Schedule 4 – a summary of payments received as of February 28, 2015 in relation to the aging balances as of December 31, 2014.

\$7.1M of all year-end receivables (10%) is in the "90+ Days" category

The receivables over 90 days total \$7.1M, down \$2.5M (-26%) from 2013. Every receivable category has shown a decrease. Local municipalities are responsible for 79% of the amount outstanding over 90 days. The following are included in this amount and detailed in Attachment 2, Schedule 2:

1. East Gwillimbury is withholding a \$446,988 payment for November/December 2012 water billings until a credit for billings in 2012

is processed by the Region. Environmental Services issued the credit to East Gwillimbury on April 2, 2015.

2. \$2.1M is due from the Town of Georgina for costs related to a transportation project. Payment is expected in 2015.
3. \$3.1M is due from the City of Markham relating to disputed water charges. A credit of \$1.9M will be issued in January to offset a portion of the \$3.1M. An allowance has been setup in 2014 for the balance of \$1.2M, and it will be written-off in 2015.

Link to key Council-approved plans

This report is consistent with the 2011 to 2015 Strategic Plan's objective of practicing sound fiscal management.

## 5. Financial Implications

The accounts write-off will be reflected in the 2014 Financial Statements

Staff is requesting Council approval to write-off the two accounts totalling \$69,840.29. This expense will be recognized in 2014, and will be written off the Region's accounts receivable in 2015.

The accounts receivable approved for write-off by the Regional Treasurer totalled \$27,569.60. These amounts were expensed in 2014, and will be reflected in the 2014 Financial Statements.

## 6. Local Municipal Impact

Of the \$72.5M receivables, \$63.0M is owed from local municipalities. Approximately \$5.7M (9%) of this amount is in the "90+ Days" category.

Regional staff continue to have discussions with local municipal staff to ensure any outstanding receivable issues are resolved in a timely manner.

7. Conclusion

The write-off approved by the Regional Treasurer for 2014 totalled \$27,569.60. The full write-off amount was recognized in 2014. It is recommended that two accounts totalling amount of \$69,840.29 be approved for write-off by Council.

For more information on this report, please contact Warren Marshall, Director Controllershship Office, at Ext. 71601.

The Senior Management Group has reviewed this report.

April 1, 2015

Attachments (2)

#6033925

**Summary of Accounts less than \$25,000 written off in 2014**

In 2014, total billings exceeded \$279 million. The majority of billings are processed through the Controllershship Office, Finance. Long Term Care’s accounts are administered through Community and Health Services.

The Regional Treasurer approved the write-off of twenty-seven accounts totalling \$27,569.60, with an average account balance of \$1,021.10.

In 2013, write-offs consisted of forty-five accounts totalling \$16,156.27. The overall average account balance was \$359.03.

**Analysis of Accounts (as per Table 1 below):**

Fourteen accounts totalling \$13,419.88 were the result of traffic collision claims. The average invoice value was \$958.56. 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. Also included in the balance are outstanding amounts after the acceptance of a lesser settlement negotiated by the Regional Solicitor.

One account totalling \$2,738.49 was for police paid duty charges. The account was filed with a collection agency in November 2013. Collection efforts have been unsuccessful during the past year.

An entity owing \$1,545.52 filed for bankruptcy in 2014. The average invoice value was \$515.17. This account is uncollectible due to the insolvency of the company involved.

Nine accounts totalling \$9,865.71 were for Long Term Care. The average invoice value was \$1,096.19. All uncollectible accounts consist of either deceased or discharged residents who had a balance remaining that has been deemed uncollectible.

**Table 1**

Receivables	Write-Offs 2014		Write-Offs 2013	
	# of Accounts	Amount	# of Accounts	Amount
Traffic Collisions	14	\$ 13,420	20	\$ 7,452
Police Paid Duty	1	2,738	N/A	-
Bankrupt/Closed Entity	3	1,546	2	1,390
Long Term Care	9	9,866	23	7,314
<b>Total</b>	<b>27</b>	<b>\$ 27,570</b>	<b>45</b>	<b>\$ 16,156</b>
<b>Average</b>		<b>\$ 1,021</b>		<b>\$ 359</b>

*Note: Numbers may not add due to rounding.*

The table below summarizes the aging of Accounts Receivables as of December 31, 2014

**Table 2**

<b>REGIONAL MUNICIPALITY OF YORK</b>						<b>2013 Total</b>
<b>Accounts Receivable Aging</b>						
<b>As at December 31, 2014</b>						
	<b>Current</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>90+ Days</b>	<b>Total</b>	
<b>GENERAL</b>						
Local Municipalities	\$ 40,195,456	\$ 178,665	\$ 17,009,032	\$ 5,660,536	\$ 63,043,690	\$ 27,258,498
Other Municipalities	1,702,761	2,307,729	-	533,606	4,544,096	3,426,015
Federal & Provincial	243,976	13,994	17,432	(20)	275,381	355,132
Local Boards*	55,093	57,851	-	(3,514)	109,430	876,127
Sundry	2,168,551	912,328	40,987	941,467	4,063,332	3,379,837
Long Term Care ACL Programs**	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,833
Long Term Care Day Programs	16,567	4,785	3,073	3,638	28,061	23,492
Long Term Care Facilities	382,141	16,943	12,361	7,131	418,576	381,417
<b>DECEMBER 2014 CORPORATE TOTAL</b>	<b>\$ 44,764,544</b>	<b>\$ 3,492,294</b>	<b>\$ 17,082,885</b>	<b>\$ 7,142,844</b>	<b>\$ 72,482,566</b>	<b>\$ 35,702,350</b>
<b>% OF TOTAL - DECEMBER 2014</b>	<b>61.8%</b>	<b>4.8%</b>	<b>23.6%</b>	<b>9.9%</b>	<b>100%</b>	
<b>DECEMBER 2013 CORPORATE TOTAL</b>	<b>\$ 25,414,586</b>	<b>\$ 335,973</b>	<b>\$ 324,833</b>	<b>\$ 9,626,958</b>	<b>\$ 35,702,350</b>	
<b>% OF TOTAL - DECEMBER 2013</b>	<b>71.2%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>27.0%</b>	<b>100%</b>	

Note: Numbers may not add due to rounding.

\* Credit for Local Boards to be deducted from next payment

\*\* Alternative Community Living programs were closed in 2014

The following table identifies the amounts outstanding with the Region's local municipalities as of December 31, 2014

**Table 3**

<b>REGIONAL MUNICIPALITY OF YORK</b>						<b>2013 Total</b>
<b>Local Municipal Accounts Receivable Summary</b>						
<b>As of December 31, 2014</b>						
	<b>Current</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>90+ Days</b>	<b>Total</b>	
Aurora	\$ 1,843,650	-	-	-	\$ 1,843,650	\$ 1,545,645
East Gwillimbury	601,621	0	624,859	445,988	1,672,469	1,015,250
Georgina	1,072,403	2,500	-	2,071,950	3,146,854	3,025,170
King	406,313	0	-	-	406,313	327,265
Markham	11,510,307	42,918	-	3,142,598	14,695,823	3,186,934
Newmarket	2,748,857	21,626	-	-	2,770,482	2,729,518
Richmond Hill	7,454,689	82,721	-	-	7,537,410	168,943
Vaughan	13,544,364	27,000	16,384,173	-	29,955,537	13,444,064
Whitchurch Stouffville	1,013,252	1,900	-	-	1,015,152	1,815,708
<b>TOTAL RECEIVABLE - DECEMBER 2014</b>	<b>\$ 40,195,456</b>	<b>\$ 178,665</b>	<b>\$ 17,009,032</b>	<b>\$ 5,660,536</b>	<b>\$ 63,043,690</b>	<b>\$ 27,258,498</b>
<b>TOTAL RECEIVABLE - DECEMBER 2013</b>	<b>\$ 20,157,062</b>	<b>\$ 132,429</b>	<b>\$ 18,187</b>	<b>\$ 6,950,819</b>	<b>\$ 27,258,498</b>	

**Municipal Notes:**

The \$5.7M in the over 90 Day column is made up of:

1. East Gwillimbury:
  - \$446K payment is withheld for November/December 2012 water billing until the 2012 credit is received by East Gwillimbury. The co-management agreement between East Gwillimbury, Newmarket and the Region has been placed on hold. The credit has been issued to East Gwillimbury on April 2<sup>nd</sup> 2015.
2. Georgina:
  - \$2.1M for costs related to a Transportation Services project. Payment is expected in the first quarter of 2015.
3. Markham:
  - \$3.1M is withheld for water disputes for the periods 2010-2013. A credit of \$1.9M will be issued in January to offset a portion of the \$3.1M. The balance of \$1.2M will be written-off from accounts receivable in 2015.
  - \$31K is owing for York Region Police (YRP) Clandestine Operation cost recovery. A Memorandum of Understanding was signed between YRP and the City agreeing the payment can be delayed until the City recovers the funds from the homeowner. This amount is being proposed for write-off.

The following table details sundry amounts over 90 days in the accounts receivable as of December 31, 2014

**Table 4**

<b>COMPANY NAME</b>	<b>Amount</b>
Bell Canada <sup>1</sup>	\$ 89,891
CanAr Coach Services <sup>2</sup>	344,253
Tokmakjian Group <sup>2</sup>	99,662
CN Railway <sup>3</sup>	26,945
First Student Canada <sup>4</sup>	39,221
Seenergy Foods Limited <sup>5</sup>	98,401
Other Miscellaneous <sup>6</sup>	243,094
<b>TOTAL SUNDRY</b>	<b>\$ 941,467</b>

1. Bell Canada is disputing charges for recovery of costs the Region incurred for construction delays on Stouffville Road. Transportation Services is holding regular meetings with Bell Canada to try to come to a resolution.
2. CanAr Coach and Tokmakjian owe \$444K – a settlement is pending.
3. CN Railway is disputing cost recovery relating to the railway crossing at Old Homestead in Georgina. Transportation Services have increased the lines of communication and are working towards a resolution.
4. First Student Canada maintains a balance after their contract was severed in 2012. This amount is being proposed for write-off.
5. Seenergy Foods has a balance owing for wastewater surcharge. Bi-weekly payments were being made; the account was paid March 1<sup>st</sup>.
6. Other Miscellaneous invoices make up \$243K, of which:
  - \$159K is for various collision claims debtors who are currently in discussions with Legal or are making monthly payments to settle their accounts.
  - \$40K is for various Owner Controlled Insurance Program invoices to contractors.
  - \$44K is for various small amounts, of which \$30K has been paid in January.

The table below represents the payments received as of February 28, 2015 for accounts outstanding at December 31, 2014

**Table 5**

	<b>Payments received as of February 28, 2015</b>				
	<b>Current</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>90+ Days</b>	<b>Total</b>
<b>ACCOUNTS RECEIVABLE</b>					
Local Municipalities *	\$ 39,156,182	\$ 169,648	\$ 16,384,173	\$ 1,936,150	\$ 57,646,152
Other Municipalities	-	2,307,729	-	201,946	2,509,675
Federal & Provincial	243,976	13,994	13,258	(20)	271,208
Local Boards	34,079	17,867	-	(3,514)	48,431
Sundry	1,298,774	848,413	14,369	163,260	2,324,815
Long Term Care	40,059	21,728	15,434	10,769	87,989
<b>TOTAL RECEIVED</b>	<b>\$ 40,773,068</b>	<b>\$ 3,379,378</b>	<b>\$ 16,427,233</b>	<b>\$ 2,308,590</b>	<b>\$ 62,888,270</b>

*Note: Numbers may not add due to rounding.*

\* Local Municipalities 90+ days has been reduced by \$1.9M by way of a credit issued to the City of Markham for a portion of the disputed \$3.1M. The balance of \$1.2M will be written off from the accounts receivable in 2015.