

The Regional Municipality of York

Committee of the Whole
Finance and Administration
May 14, 2020

Report of the Commissioner of Finance

2019 Accounts Receivable Write-off and Status Report

1. Recommendations

Council receive this report for information.

2. Summary

This report is to inform Council of the summary of accounts approved for write-off by the Regional Treasurer in 2019 and the status of the Region's Accounts Receivable as at December 31, 2019, as required by the Collection of Accounts Policy.

- The Regional Treasurer approved the write-off of 64 accounts totalling \$29,176.17 in 2019
- As of December 31, 2019, the Accounts Receivable balance was \$94.4 million after write-offs
- As of March 31, 2020, 98.6 per cent of the year-end Accounts Receivable balance was collected

3. Background

Finance processes all general receivables and Community and Health Services processes Seniors Services (including long-term care) receivables

General receivables are comprised of billings from regional departments. Finance processes the billing and works with operating departments to collect outstanding accounts. In 2019, general billings totalled \$419.7M, of which \$348.8M (83.1 per cent) was for municipal water billings.

Seniors Services receivables are comprised of billings for long-term care residents and adult day programs. The Region's Community and Health Services department process these accounts and administer the collection of outstanding accounts. In 2019, billings were \$5.3M.

The total general and Seniors Services billings for 2019 were \$425.0M.

The Region also administers the Provincial Offences Act (POA) court program. Collections of fines are managed directly by the Region's Legal and Court Services Department and are outlined in a separate report to Council.

Regional staff undertakes various initiatives to help facilitate the collection of accounts receivable

York Region's Collection of Accounts Policy provides for avenues staff may pursue to support the collection of receivables. Staff send a monthly reminder letter and follow up with an email and/or phone call. The Finance Department works with relevant program areas to resolve any outstanding issues. When a receivable reaches 90 days, the issue is forwarded to the Region's Legal Services staff, if there hasn't been a reasonable response from the customer, or a foreseeable resolution. Legal staff may send a demand letter or pursue legal action, if warranted. An external collection agency may also be considered. When efforts to collect have been exhausted, the receivable will be submitted to the Regional Treasurer or to Council for write-off.

The Region's Collection of Accounts Policy outlines requirements for the write-off and reporting of accounts receivable

The Region's Collection of Accounts policy:

- Authorizes the Regional Treasurer to approve the write-off of uncollectible accounts for amounts up to and including \$25,000
- Requires Regional Council to approve the write-off of accounts in excess of \$25,000
- Requires the Regional Treasurer to report to Council the accounts written-off for the fiscal year
- Requires the Regional Treasurer to report to Council on the status of outstanding accounts receivable as at the end of each fiscal year

4. Analysis

The Regional Treasurer approved the write-off of 64 accounts totalling \$29,176.17 in 2019

Table 1 summarizes the write-offs in 2019 along with comparable details for the preceding year.

Table 1
Accounts Receivable Write-Off approved by the Regional Treasurer

2019			2018	
Receivables	# of Accounts	Amount	# of Accounts	Amount
Traffic Collision Claims	61	\$18,786	51	\$24,265
Long-Term Care Facilities	2	10,129	4	14,403
Seniors Services Day Programs	1	260	-	-
Total	64	\$29,176	55	\$38,688
Average		\$456		\$703

Unrecoverable traffic collision claims in the amount of \$18,786 for damages to York Region property are due to insurance agencies not paying:

- Full replacement cost of materials
- All or part of the administration fees
- Unidentified drivers or no insurance coverage

The amounts written off in 2019 represented 0.004% of general billings.

Unrecoverable Seniors Services receivables in the amount of \$10,389 for outstanding accommodation at long-term care facilities and day programs have been written off. Community and Health Services have exhausted all efforts to collect these amounts.

The amounts written off represented 0.197% of Seniors Services' billings.

The number and amount of write-offs fluctuate from year to year for both general and Seniors Services receivables, due to varying and unpredictable circumstances. In the previous five years, general receivables write-offs represented anywhere from 0.002% to 0.008% of total billings, while Seniors Services write-offs represented anywhere from 0.018% to 0.277% of total billings.

There are no proposed write-offs for accounts greater than \$25,000 in 2019

In 2019, no accounts greater than \$25,000 have been identified for write-off.

As of December 31, 2019, the Accounts Receivable balance was \$94.4 million after write-offs

In 2019, total accounts receivable billings were \$425.0M. Outstanding receivables as of December 31, 2019 were \$94.4M after write-offs, of which only 0.3% were greater than 90 days.

Table 2 summarizes the outstanding accounts receivable balance at year-end and provides a comparison with 2018.

Table 2
York Region Accounts Receivable as at December 31, 2019

Receivables	0 – 90 Days	90+ Days	Total
Local Municipalities	\$87,872,009	\$85,432	\$87,957,441
Other Municipalities	662,600	9,279	671,879
Federal & Provincial	898,584	(173)	898,411
Local Boards	1,170,308	-	1,170,308
Sundry ¹	3,062,359	171,097	3,233,456
Long-Term Care Facilities	455,887	9,949	465,836
Seniors Services Day Programs	21,988	3,991	25,979
Total	\$94,143,736	\$279,574	\$94,423,310
% of Total Receivable	99.7%	0.3%	100.0%
2018 Comparison	\$69,562,985	\$340,280	\$69,903,265
% of Total Receivable	99.5%	0.5%	100.0%

¹Sundry receivables refer to accounts that do not fall into other categories. These may include invoices for traffic collision claims, road maintenance, waste disposal and police paid duty.

As of March 31, 2020, 98.6 per cent of the year-end Accounts Receivable balance was collected

Of the \$94.4M outstanding at year-end, payments totalling \$93.1M (98.6 per cent) were received as of March 31. Overall, this is consistent with figures from previous years. Table 3 shows the portion of 2019 outstanding receivables collected by March 31.

Receivables from municipalities, senior levels of governments and local boards are anticipated to be collected and most of the accounts under sundry and Seniors Services receivables are expected to be resolved as part of normal collection efforts. However, a relatively small percentage under sundry (mostly traffic collision claims) may not be collected due to various reasons and will form part of the accounts submitted for write-off for 2020.

Table 3
December 31, 2019 York Region Accounts Receivable Outstanding
as of March 31, 2020

Receivables	Dec 2019 Balance	Collected (as of March 31, 2020)	Remaining Balance
Local Municipalities	\$87,957,441	\$86,957,554	\$999,887
Other Municipalities	671,879	671,134	745
Federal & Provincial	898,411	863,029	35,382
Local Boards	1,170,308	1,166,550	3,758
Sundry ¹	3,233,456	2,931,401	302,055
Seniors Services	491,815	472,261	19,554
Total	\$94,423,310	\$93,061,929	\$1,361,381

¹Sundry receivables refer to accounts that do not fall into other categories. These may include invoices for traffic collision claims, road maintenance, waste disposal and police paid duty.

Details of the Region's receivables at year end are included in Attachment 1 of this report.

5. Financial

The Regional Treasurer approved accounts for write-off totalling \$29,176.17. The write-offs were recognized as a bad debt expense and were deducted from the Region's accounts receivables for the 2019 Financial Statements. After write-offs, the Accounts Receivable balance as at December 31, 2019 was \$94.4M, of which 98.6 per cent was collected as of March 31, 2020. The Finance Department continues to work closely with the operating departments and Legal Services as part of regular collection efforts.

6. Local Impact

As of December 31, 2019, Local Municipalities owed \$88.0M of the \$94.4M accounts receivable. Water billings account for \$60.7M (69.1% of Local Municipalities), of which 98.6% was received as of March 31, 2020. Regional staff continue to work with partners from the local municipalities as part of the collection process.

7. Conclusion

The Regional Treasurer approved a write-off of 64 accounts totalling \$29,176.17 in 2019.

Of the \$94.4M receivables outstanding at December 31, 2019, \$93.1M or 98.6 per cent was collected as of March 31, 2020.

For more information on this report, please contact Michelle Grover, Acting Director, Strategy and Transformation and Deputy Treasurer, at 1-877-464-9675 ext.77201. Accessible formats or communication supports are available upon request.

Recommended by: **Laura Mirabella, FCPA, FCA**
Commissioner of Finance and Regional Treasurer

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

April 29, 2020
Attachments (1)
eDOCS#10663219