

# The Regional Municipality of York

Committee of the Whole  
Finance and Administration  
May 9, 2019

Report of the Commissioner of Finance

## 2018 Accounts Receivable Write-off and Status Report

### 1. Recommendations

Council receive for information the summary of accounts that were approved for write-off by the Regional Treasurer in 2018 (Table 1) and the status of the Region's Accounts Receivable as at December 31, 2018, reported in Attachment 1.

### 2. Summary

This report provides a summary of accounts receivable approved as required by the policy for write-off by the Regional Treasurer in 2018 and outlines the status of the Region's accounts receivable as at December 31, 2018.

### 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 and are processed through the Finance department. Finance works with operating departments to collect outstanding accounts. In 2018, general billings totalled \$350.4M, of which \$311.0M (88.7 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 processes these accounts and administers the collection of outstanding accounts. In 2018, billings were \$5.2M.

The total general and Seniors Services billings for 2018 were \$355.6M.

The Region also administers the Provincial Offences Act (POA) court program. Collection 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 undertake various initiatives to help facilitate the collection of accounts receivable**

York Region's Collection of Accounts Policy provides for avenues that staff may pursue to support the collection of receivables. Staff action include sending a monthly reminder letter and following up with an email and/or phone call. Throughout this process, the Finance Department works with the relevant program area to resolve any outstanding issues. If a receivable reaches 90 days, the issue is forwarded to the Region's Legal Services staff if it is felt there is no reasonable response from the customer or foreseeable resolution. Legal staff may send a demand letter or pursue legal action if warranted. The use of 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 55 accounts totalling \$38,667.39 in 2018**

The Regional Treasurer approved the write-off of 55 accounts totalling \$38,667.39. The write-offs consisted of the following:

- Under general receivables, fifty-one accounts for unrecoverable traffic collision claims for property damages to York Region infrastructure, costs totalling \$24,264.84 were written off. These unrecoverable amounts are typically a result of insurance agencies having paid less than the replacement cost of materials and/or not paying part or all of the administration fees, or instances wherein the driver was not identified or did not have insurance coverage. The amounts written off in 2018 represented 0.007% of general billings.

- Under Seniors Services receivables, four accounts totalling \$14,402.55 were written off. These accounts were for outstanding accommodation for long-term care residents. Community and Health Services have exhausted all efforts to collect these amounts. The amounts written off represented 0.277% of Seniors Services billings.

The number and amount of write-offs fluctuate from year to year for both the general and Seniors Services receivables due to varying and unpredictable circumstances. In the previous five years, general receivables written off represented anywhere from 0.002% to 0.010% of total billings, while Seniors Services write-offs represented anywhere from 0.018% to 0.211% of total billings.

Table 1 summarizes the write-offs in 2018 along with comparable details for the preceding year.

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

Receivables	2018		2017	
	# of Accounts	Amount	# of Accounts	Amount
Traffic Collision Claims	51	\$24,265	24	\$12,034
Bankrupt/Closed Entity	-	-	1	1,257
Long-Term Care Facilities	4	14,403	9	7,779
Seniors Services Day Programs	-	-	4	417
<b>Total</b>	<b>55</b>	<b>\$38,668</b>	<b>38</b>	<b>\$21,487</b>
<b>Average</b>		<b>\$703</b>		<b>\$565</b>

**There are no proposed write-offs for accounts greater than \$25,000 in 2018**

In 2018, no accounts greater than \$25,000 have been identified for write-off.

**As of December 31, 2018, the Accounts Receivable balance was \$69.9 million after write-offs**

In 2018, total accounts receivable billings were \$355.6M. Outstanding receivables as of December 31, 2018 were \$69.9M after write-offs, of which only 0.5% were greater than 90 days.

Table 2 summarizes the outstanding accounts receivable balance at year-end and provides a comparison with 2017.

**Table 2**  
**York Region Accounts Receivable as at December 31, 2018**

Receivables	0 – 90 Days	90+ Days	Total
Local Municipalities	\$63,416,522	\$72,756	\$63,489,278
Other Municipalities	711,203	60,484	771,687
Federal & Provincial	516,335	-	516,335
Local Boards	960,531	-	960,531
Sundry <sup>1</sup>	3,479,615	205,163	3,684,778
Long-Term Care Facilities	454,820	781	455,601
Seniors Services Day Programs	23,959	1,096	25,055
<b>Total</b>	<b>\$69,562,985</b>	<b>\$340,280</b>	<b>\$69,903,265</b>
<b>% of Total Receivable</b>	<b>99.5%</b>	<b>0.5%</b>	<b>100.0%</b>
<b>2017 Comparison</b>	<b>\$70,280,782</b>	<b>\$350,303</b>	<b>\$70,631,084</b>
<b>% of Total Receivable</b>	<b>99.5%</b>	<b>0.5%</b>	<b>100.0%</b>

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

**As of March 31, 2019, 97.4 per cent of the year-end Accounts Receivable balance was collected**

Of the \$69.9M outstanding at year-end, payments totalling \$68.1M (97.4 per cent) were received as of March 31. Overall, this is consistent with figures from previous years. Table 3 below shows the portion of 2018 outstanding receivables collected by March 31.

Virtually all accounts receivable outstanding are expected to be collected. 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 2019.

**Table 3**  
**December 31, 2018 York Region Accounts Receivable Outstanding**  
**as of March 31, 2019**

Receivables	Dec 2018 Balance	Collected (as of March 31, 2019)	Remaining Balance
Local Municipalities	\$63,489,278	\$61,977,105	\$1,512,173
Other Municipalities	771,687	705,360	66,327
Federal & Provincial	516,335	466,409	49,926
Local Boards	960,531	959,937	594
Sundry <sup>1</sup>	3,684,778	3,489,605	195,172
Seniors Services	480,656	474,242	6,414
<b>Total</b>	<b>\$69,903,265</b>	<b>\$68,072,658</b>	<b>\$1,830,607</b>

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

**Attachment 1 of this report details the Region's receivables at year-end in seven schedules with 2017 comparables:**

Schedule 1: Summary of 2018 Accounts Receivables Aging

Schedule 2: Summary of 2018 Local Municipalities Receivables Aging

Schedule 3: Summary of 2018 Local Municipalities Receivables Aging - Water Billing

Schedule 4: Summary of 2018 Local Municipalities Receivables Aging - Other than Water Billing

Schedule 5: Summary of 2018 Other Municipalities Receivables Aging

Schedule 6: Summary of 2018 Federal & Provincial Receivables Aging

Schedule 7: Summary of 2018 Sundry Receivables Aging

## **5. Financial**

The accounts receivables approved for write-off by the Regional Treasurer totalled \$38,667.39. The write-offs were recognized as a bad debt expense and were deducted from the Region's accounts receivables for the 2018 Financial Statements. After write-offs, the Accounts Receivable balance as at December 31, 2018 was \$69.9M, of which 97.4 per cent has been collected as of March 31, 2019. The Finance Department continues to work closely with the operating departments and Legal Services as part of regular collection efforts.

## **6. Local Impact**

Of the \$69.9M total accounts receivables, \$63.5M is owed by local municipalities. Water billings account for \$60.8M (95.7 per cent of Local Municipalities), of which 100% has been received as of March 31, 2019. Regional staff continue to work with partners from the local municipalities as part of the collection process.

## **7. Conclusion**

The write-off of 55 accounts approved by the Regional Treasurer for 2018 totalled \$38,667.39. The full write-off amount was recognized in 2018.

Of the \$69.9M receivables outstanding at December 31, 2018, \$68.1M or 97.4 per cent was collected as of March 31, 2019.

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For more information on this report, please contact Joseph Silva, 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 24, 2019  
Attachments (1)  
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