

# CITY OF HAMILTON CORPORATE SERVICES DEPARTMENT Financial Services Division

то:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	April 11th, 2016
SUBJECT/REPORT NO:	Accounts Receivable Write-Offs for April 2016 (FCS16031) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Bev Neill 905-546-2424 Ext. 6274
SUBMITTED BY:	Mike Zegarac General Manager Finance & Corporate Services Department
SIGNATURE:	

#### RECOMMENDATION

- (a) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible General Accounts Receivables in the amount of \$29,736.22 attached as Appendix "A" to Report FCS16031;
- (b) That the Schedule of General Accounts Receivable Write-Offs less than \$1,000.00 each in the amount of \$5,618.53, attached as Appendix "B" to Report FCS16031, be received for information;
- (c) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible Wentworth and Macassa Lodge Receivables in the amount of \$16,207.90, attached as Appendix "C" to Report FCS16031;
- (d) That the Schedule of Recreation Division Receivable Write-Offs less than \$1,000.00 each, in the amount of \$13,496.10, attached as Appendix "D" to Report FCS16031, be received for information;
- (e) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible Recreation Receivables in the amount of \$3,405.99 attached as Appendix "E" to Report FCS16031.

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### **EXECUTIVE SUMMARY**

In accordance with Council Policy:

A listing of uncollectible General Accounts Receivable accounts totalling \$29,736.22 is attached as Appendix "'A" to Report FCS16031 for Council approval. Upon approval, the Accounts Receivable Section will remove the accounts from the Aged Trial Balance and prepare the necessary accounting entries. These amounts have been allowed for in the 2015 year end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2016 actual expenditures.

A listing of uncollectible General Accounts Receivable accounts totalling \$5,618.53 and valued at less than \$1,000.00 each have been written-off since the last report in April 2015 and is attached as Appendix "B" to Report FCS16031. These amounts have been allowed for in the 2015 year end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2016 actual expenditures.

A listing of uncollectible Lodge Accounts Receivable accounts totalling \$16,207.90 is attached as Appendix "'C" to Report FCS16031 for Council approval. Upon approval, Finance and Administration will remove the amounts from the Lodge's Aged Trial Balance and prepare the necessary accounting entries. These amounts have been allowed for in the 2015 year end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2016 actual expenditures.

A listing of uncollectible Recreation Accounts Receivable accounts totalling \$13,496.10 and individually valued at less than \$1,000.00 have been written off since the last report in April 2015 and is attached as Appendix "D" to Report FCS16031. These amounts have been allowed for in the 2015 year end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2016 actual expenditures.

A listing of uncollectible Recreation Accounts Receivable accounts totalling \$3,405.99 is attached as Appendix "E" to Report FCS16031 for Council approval. Upon approval, Finance and Administration will remove the amounts from the Recreation Division's Aged Trial Balance and prepare the necessary accounting entries. These amounts have been allowed for in the 2015 year end allowance for doubtful accounts. Therefore, the write-offs of these receivables will not be reflected in the 2016 actual expenditures.

## FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only) Financial:

The General Accounts Receivables write-offs have been allowed for in the 2015 year end allowance for doubtful accounts. Therefore, the write-off of these receivables will not be reflected in the 2016 actual expenditures.

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Staffing: None

Legal: None

### **HISTORICAL BACKGROUND (Chronology of events)**

This report FCS16031 is being brought forward in accordance with the Accounts Receivable Write-Off Policy approved by City Council on February 9, 2005, Council Report #05-003, Item 4.

The Accounts Receivable Write-Off Policy sets the following authorization levels for account write-offs:

Up to \$500
 Between \$500 and \$1,000
 Director, Financial Services or designate
 General Manager, Finance & Corporate

Services or designate

Greater than \$1,000
 City Council Approval

#### POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Accounts Receivable Write-Off Policy.

### **RELEVANT CONSULTATION**

Originating departments have been advised of the accounts that will be written-off as they pertain to their department's operations.

The Lodges have supplied the write-off items that pertain to their operation.

The Recreation Division have supplied the write-off items that pertain to their operation.

### ANALYSIS AND RATIONAL FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)

All avenues of collection in regards to the receivables being recommended for write-off have been exhausted.

Collection procedures include but are not limited to:

- Mailing written non-payment reminders, such as, statements, demand letters, etc.
- Verbal request by telephone or, in person, where applicable
- Negotiating revised payment terms
- Cross-referencing against the Accounts Payable System
- Drawing on securities held, such as, Letter of Credit, Bonds, etc., if applicable
- Recovery through the tax system by transferring uncollectible items as permitted in our By-Laws

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- Legal action
- Use of a Collection Agency

#### **ALTERNATIVES FOR CONSIDERATION**

### (Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Accounts that are written-off will be removed from the active listing. If future information is received that would aid in the collection of these written-off amounts, active collection would be resumed.

#### **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

### Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

### **Strategic Objective**

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

#### APPENDICES AND SCHEDULES ATTACHED

Appendix "A" Report FCS16031 - Write-off of General Accounts Receivable Greater than \$1,000

Appendix "B" Report FCS16031 - Write-off of General Accounts Receivable Under \$1,000

Appendix "C" Report FCS16031 – Write-off of Lodge's Accounts Receivable.

Appendix "D" Report FCS16031 –Write-off of Recreation Accounts Receivable Under \$1,000

Appendix "E" Report FCS16031 – Write-off of Recreation Accounts Receivable Greater than \$1,000