SUBJECT: Accounts Receivable Write-Offs September 2007 (FCS07082) (City Wide)

RECOMMENDATION:

a) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible accounts receivables in the amount of $77,630.25, attached as Appendix “A” to FCS07082; and

b) That Hamilton Health Sciences be made exempt for finance charges on late payments; and

c) That the Schedule of Accounts Receivable Write-Offs (under $1,000), attached as Appendix “C” to FCS07082, be received for information.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

In accordance with Council Policy, a listing of uncollectible accounts receivable accounts greater than $1,000.00 and totalling $77,630.25 (attached as Appendix “A” to FCS07082) for Council approval. Upon approval, the Accounts Receivable Section will remove the accounts from the Aged Trial Balance and prepare necessary accounting entries.
An amount of $3,072.30 for Hamilton Health Sciences has been included in the above write-off request. It represents finance charges for the late payment of a large invoice that was due on July 1, 2006, but not paid until October 26, 2006. A letter from Hamilton Health Sciences (attached as Appendix “B” to FCS07082) respectfully requests that Council sanctions this write-off and further requests that they be made exempt from future finance charge accumulation.

In accordance with Council Policy, four accounts totalling $952.48 and valued at less than $1,000.00 each have been written-off during 2007 (attached as Appendix “C” to FCS07082).

BACKGROUND:

This report 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 Write-Off Policy sets the following authorization levels for account write-offs:

- Up to $500 Director, Financial Services or designate
- Between $500 and $1,000 General Manager, Finance & Corporate Services or designate
- Greater than $1,000 City Council Approval

ANALYSIS/RATIONALE:

All avenues of collection in regards to the receivables being recommended for write-offs 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 Letters of Credit, Bonds, etc., if applicable
- Recovery through the tax system by transferring uncollectible items as permitted in our by-Laws
- Legal action
- Use of a Collection Agency

Collection efforts for Hamilton Health Sciences were suspended when we received a written request (attached as Appendix “B” to FCS07082) to have their outstanding finance charges written-off. They are a not-for-profit organization who pay their invoices in full. They have an excellent payment history with us and explained that this late
payment was an oversight. We do reciprocal business with Hamilton Health Sciences whereby we purchase from them, as well as, invoice them for payment.

**ALTERNATIVES FOR CONSIDERATION:**

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.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

These receivables have been allowed for in the 2006 year end allowance for doubtful accounts. Therefore, the write-off of these receivables will not be reflected in the 2007 actual expenditures.

**POLICIES AFFECTING PROPOSAL:**

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.

Risk Management Section has supplied the write-off item that pertains to their operation.

The Lodges have supplied the write-off item that pertains to their operation.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- Community Well-Being is enhanced. □ Yes ☑ No
- Environmental Well-Being is enhanced. □ Yes ☑ No
- Economic Well-Being is enhanced. □ Yes ☑ No
Does the option you are recommending create value across all three bottom lines?  
☐ Yes  ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  
☐ Yes  ☑ No
### A/R Write Offs over $1,000 September 2007

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>CUSTOMER NAME</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,793.63</td>
<td>Blue Cres. Development</td>
<td>Pavement Cuts</td>
</tr>
<tr>
<td>$3,510.13</td>
<td>Carlos Bros Excavating</td>
<td>Pavement Cuts</td>
</tr>
<tr>
<td>$41,146.83</td>
<td>Carmen’s @ King’s Forest Golf 1999-2000 Property Taxes</td>
<td></td>
</tr>
<tr>
<td>$3,072.30</td>
<td>Hamilton Health Sciences</td>
<td>Finance Charges - late payment of invoice</td>
</tr>
<tr>
<td>$3,924.76</td>
<td>Orlick Industries</td>
<td>Pipeline Lease</td>
</tr>
<tr>
<td>$23,182.60</td>
<td>**** Maintenance Charges - Lodges</td>
<td></td>
</tr>
<tr>
<td>$77,630.25</td>
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</tr>
</tbody>
</table>

**Recommended by Legal Services - No Likelihood of Recovery Through Courts**

**Special Consideration for Late Payment Charges**

**Deceased, No Estate\ No Funds**

**** Identifiable Individual. Name left off at request of Council
City of Hamilton  
Att: Ange Jelicic  
Accounts Receivable  
Standard Life Bldg  
120 King St. West  
Suite 900  
Hamilton, ON  
L9P 4V2

Re: Late Payment Charge Applications  
June 28th, 2007.

Please accept our apology for the late payment of the 2006 Heads and Beds 2006 levy. We have changed our internal processes to ensure prompt payments in the future. Our new Co-ordinator of Accounts Payable has diligently completed follow up on this account. He has re-instructed his staff and has been in communication with Ange Jelicic, Supervisor of Accounts Receivable for the city of Hamilton. Hamilton Health Sciences endeavours to maintain good business relationships with all clients and vendors. Payment has been processed for this year and we will ensure that there are no delays with future payments.

I would sincerely appreciate our case being presented before council to have these charges waived and respectfully request that our organization be made exempt from further finance charge applications.

Sincerely,

Kathy Watts  
Hamilton Health Sciences Corporation  
Assistant Vice-President  
Finance and Integrated Health Information Services
## A/R Write-Offs under $1,000 September 2007

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>CUSTOMER NAME</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Unable to Locate/No Longer in Business/Sent to Collection</strong></td>
<td></td>
</tr>
<tr>
<td>$161.43</td>
<td>****</td>
<td>Water Haulage Charges</td>
</tr>
<tr>
<td>$549.77</td>
<td>Talk to Me Productions</td>
<td>Movie Shoot</td>
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<tr>
<td></td>
<td><strong>Disputed Invoice</strong></td>
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<tr>
<td>$129.89</td>
<td>Abuccuz Fine Wines</td>
<td>Tourism Award Tickets Not Used</td>
</tr>
<tr>
<td></td>
<td><strong>Bankrupt/Claim Filed</strong></td>
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</tr>
<tr>
<td>$111.39</td>
<td>Canada Wide Collision</td>
<td>Water Haulage Charges</td>
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<tr>
<td>$952.48</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**** Identifiable Individual. Name left off at request of Council