
Subject: Request to Write-off Outstanding Amount over \$25,000

Report to: Corporate Services Committee

Report date: Wednesday, January 10, 2024

Recommendations

1. That the write-off of uncollectible accounts receivable totalling \$798,684.97 **BE APPROVED.**

Key Facts

- The purpose of this report is to seek Council's authorization to write-off an account balance for City of Niagara Falls in the amount of \$798,684.97.
- Write-offs in excess of \$25,000 require Regional Council approval, as per C-F-001 Accounts Receivable policy.
- The City of Niagara Falls arrears stems from missing information related to the WEGO Visitor Transportation System (VTS) during the Niagara Transit Commission (NTC) transit amalgamation and 2023 budget process. Contract revenue and service hour-based allocations have been right-sized by NTC in the 2024 budget; however, as a result, short payments by Niagara Falls against monthly WEGO VTS service invoices throughout 2023 now require a write-off.

Financial Considerations

The financial implications to the 2023 fiscal year-end related to this write-off is \$798,684.97.

The City of Niagara Falls arrears was identified as a forecasted unfavourable budget variance within the Q3 Financial Update as brought forward at the December 6, 2023 Corporate Services Committee meeting in [CSD 53-2023 Appendix 1](https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34627) (https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34627). Despite this unfavourable variance at the end of the third quarter, NTC forecasted an overall surplus of \$281 thousand for the 2023 year-end.

Should Council approve the recommendation to write-off this amount, it will be included in the year-end surplus/deficit reconciliation that will occur with the closeout of the 2023 budget.

Analysis

This report is being brought forward in accordance with C-F-001 Accounts Receivable Policy approved by Regional Council. This policy sets the following authorization levels for account write-offs:

- Write-offs not exceeding \$10,000 are authorized by the Manager Accounting Services;
- Write-offs exceeding \$10,000 and not exceeding \$25,000 are authorized by the Deputy Treasurer / Treasurer; and
- Write-offs exceeding \$25,000 require Council approval.

The 2024 operating budget submission from Niagara Transit Commission (NTC) was brought forward at the November 9, 2023 Budget Review Committee of the Whole Meeting in [BRC-C 14-2023](https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34145) (<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34145>). NTC staff noted a contract revenue pressure related to the WEGO Visitor Transportation System (VTS) that has been corrected in the recommended budget.

As stated in the budget report and as disclosed in the quarterly variance reports, the City of Niagara Falls previously delivered the WEGO VTS Blueline and Redline service and is now post-amalgamation contracting that service from the NTC. The City also provided a service referred to herein as “cityred” which is dedicated local public transit service hours that supplement and connect to the WEGO VTS services. Due to the City allocation of cityred wholly into the WEGO VTS budget for 2022, the NTC 2023 budget reflected the same treatment of including cityred in the WEGO contract revenue. The NTC was not aware that the municipal transit share of their budget assigned to the NTC should have been increased to include \$800 thousand for cityred and the budget for WEGO recovery from Niagara Falls should have been decreased.

As such, the WEGO service was invoiced to the City of Niagara Falls monthly throughout 2023 based on a 2023 budget of \$2.9 million. However, Niagara Falls has been paying toward the total of \$2.1 million resulting in a cumulative year-end account arrears of \$798,684.97 which must be written off as it should not have been invoiced and cannot be collected.

Alternatives Reviewed

Council may choose not to approve the account write-off; however, as there are no further opportunities to pursue collection, there is no additional recourse. Unless it is

written off, the amount will be perpetually reported as an unpaid account greater than 120 days aged and greater than \$25,000 in the Region's published quarterly and annual reports.

Relationship to Council Strategic Priorities

This report was written to comply with financial policy C-F-001 Accounts Receivable and in alignment with Public Sector Accounting Standards (PSAS). There are no direct links between this report and Council Strategic Priorities.

Other Pertinent Reports

[CSD-53-2023 Appendix 1](https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34627) 2023 Q3 Financial Update
<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34627>

[BRC-C 14-2023](https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34145) A letter from M. Siscoe, Chair, Niagara Transit Commission, dated October 30, 2023, respecting 2024 Proposed Operating and Capital Budget Submission and Requisition - Niagara Transit Commission
<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=34145>

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Appendices

None