



2023 Uncollectible Accounts Receivable

Date: June 5, 2024

To: TTC Audit and Risk Management Committee

From: Chief Financial Officer

Summary

The Uncollectible Accounts Receivable report is submitted annually to the Audit and Risk Management Committee for its information in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy.

The total value of uncollectible accounts written off for 2023 amounted to \$42,188.25, and the total annual receivables amounted to \$302 million, yielding a collection rate of 99.99%.

This report provides information on accounts receivable amounts written off as uncollectible in 2023 under delegated authority.

Financial Summary

Amounts totalling \$42,188.25 were written off in 2023 in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy, after the completion of appropriate collection efforts. These amounts were provided for in the TTC's allowance for doubtful accounts and expensed in previous years.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

In accordance with the TTC's Authorization for Expenditures and Other Commitments Policy, an information report outlining amounts written off has been submitted to the TTC Audit and Risk Management Committee annually since 2005.

Issue Background

When staff have been unable to obtain payment in the course of normal collection efforts, accounts under \$3,000 are referred to an external collection agency for

collection. The debt is also registered against the customer’s credit history and reported to the major credit bureaus by the collection agency. Only after all attempts to collect, both internally and through the TTC’s external collection agency, are exhausted is an account written off.

Uncollectible accounts larger than \$3,000 are forwarded to the TTC’s Legal Department for further handling. Where appropriate, legal action is taken to collect unpaid accounts. However, in some cases, court action is not considered cost-effective due to the unlikelihood of recovery. If all reasonable attempts to collect an outstanding amount have been unsuccessful, and it is not cost effective to invest any further resources in collection, the accounts will be written off.

The TTC’s Authorization for Expenditures and Other Commitments Policy allows senior staff, as delegated by the Chief Executive Officer, to write-off individual uncollectible amounts up to \$50,000. Individual amounts over \$50,000 require Board approval.

The Audit and Risk Management Committee last received a report on uncollectible accounts approved for write-off at the senior staff level covering 2022 at its meeting on June 1, 2023. This report can be referenced by the following link:

[2022 Uncollectible Accounts Receivable](#)

A summary of write-off amounts and collection rates over the past five years is outlined below in Table 1.

Table 1: Summary of Write-Offs and Collection Rates 2018-2022

Write-Off History – Past Five Years			
Year	Annual Receipts	Amount Written Off	Collection Rate
2022	\$191,000,000.00	\$11,904.70	99.99%
2021	\$193,000,000.00	0 ¹	N/A
2020	\$218,000,000.00	\$53,134.21	99.99%
2019	\$386,000,000.00	\$75,330.58	99.98%
2018	\$551,000,000.00	\$79,051.70	99.99%

Comments

In 2023, \$42,188.25 was eligible for write-off. The uncollectible accounts related to outstanding payments for uniforms of employees terminated within a prescribed period. in accordance with the collective agreement, lost or unreturned employee passes,

¹ Due to the impact of COVID-19, many customers were provided with payment flexibility. Please see 2021 report for more information: [2021 Accounts Receivable Considered Uncollectible.](#)

health benefits overpayments, ongoing efforts to resolve prior years Collectors' working fund shortages, and other miscellaneous charges. The write-off total and collection rate is highlighted in Table 2 below:

Table 2: Summary of 2023 Write-Offs and Collection Rate

Total 2023 Annual Receipts	Amount Eligible for Write-Off	Collection Rate
\$302,000,000.00	\$42,188.25	99.99%

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Signature

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