

# GENERAL REVENUE

PROGRAM MAP

## Revenue Services



General revenue services issues bills and invoices, and collects accounts receivable owed to the municipality by citizens, businesses and other agencies that do business with the municipality. The goal of general revenue services is to ensure the municipality collects owed revenue in a timely, accurate, and efficient manner in order to assist the municipality in exercising prudent fiscal management. Services include:

- Develop and maintain policies and procedures for billing and collection of City accounts receivable other than Provincial Offences, water billing and property taxes;
- Process of cash receipts, deposits and bill payments;
- Administer the collection of outstanding receivables and provision of bad debt allowance
- Processing billings and refunds; and
- Reconcile, analyze and report on accounts receivable data as required for internal and external needs.

The City of Toronto uses a decentralized billing and collection model. The results for Toronto reflected in this report excludes Police, Agencies, property tax and water billings, payments in lieu of taxes, Provincial Offences Act (POA) fines including parking, funding for social programs, and repayments for loans issued.

## SUMMARY OF PERFORMANCE MEASUREMENT RESULTS

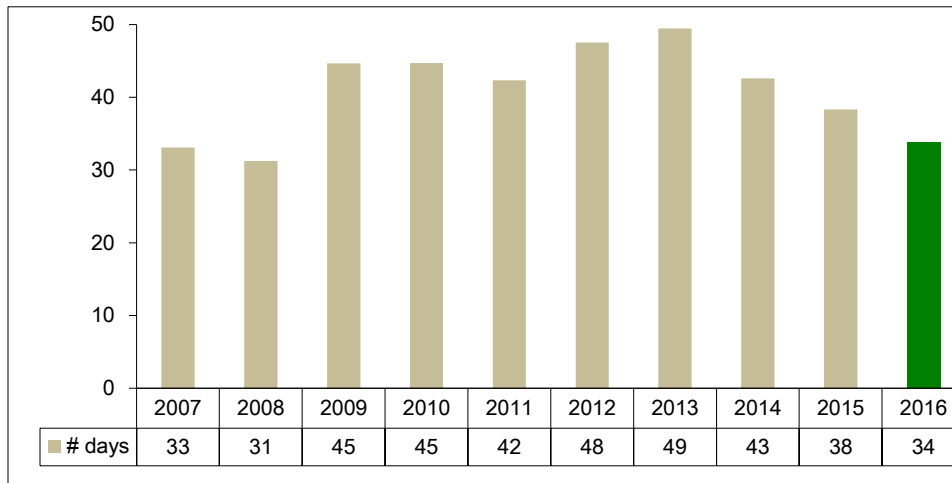
Question	Indicator/Measure	Internal Comparison of Toronto's 2016 vs. 2015 Results	External Comparison to Other Municipalities (MBNC) By Quartile for 2016	Chart & Page Ref.
<b>Efficiency Measures</b>				
How long does it take for the municipality to receive payment on invoices issued?	Average Collection Period for Accounts Receivable in Days - (Efficiency)	<b>Decrease</b> Number of days to receive payment on invoices issued decreased	<b>1</b> Lower number of days to receive payment on invoices issued compared to others	11.1 11.2  pg. 4
How many of the invoices issued are never collected?	Bad Debt Write-off as a Percentage of Revenue Billed - (Efficiency)	<b>Decrease</b> Level of uncollectable amounts decreased	<b>1</b> Lower rate of uncollectable amounts compared to others	11.3 11.4  pg. 5
How much does it cost to bill and collect an accounts receivable invoice?	Cost of the Accounts Receivable Function per Invoice Issued- (Efficiency)	<b>Increase</b> Cost per invoice increased	<b>4</b> Highest cost per invoice compared to others	11.5 11.6  pg. 6
<b>Overall Results</b>		Service Level Indicators (Resources)  N/A	Performance Measures (Results)  2 - Favourable 0 - Stable 1 - Unfavourable  66% favourable or stable	Service Level Indicators (Resources)  N/A
			Performance Measures (Results)  2- 1st quartile 0 - 2nd quartile 0 - 3rd quartile 1 - 4th quartile  66% in 1st and 2nd quartile	

For an explanation of how to interpret this summary and the supporting charts, please see the Guide to Toronto's Performance Results. These quartile results are based on a maximum sample size of 14 municipalities.

## EFFICIENCY

In 2016, Toronto issued 105,019 invoices with an invoice value of over \$1.263 billion for functions such as issuing permits, sale of blue boxes and recycled materials, and construction work done on roads by utility companies. Once invoices are issued, it is important these amounts be collected on a timely basis to optimize the City's cash flow.

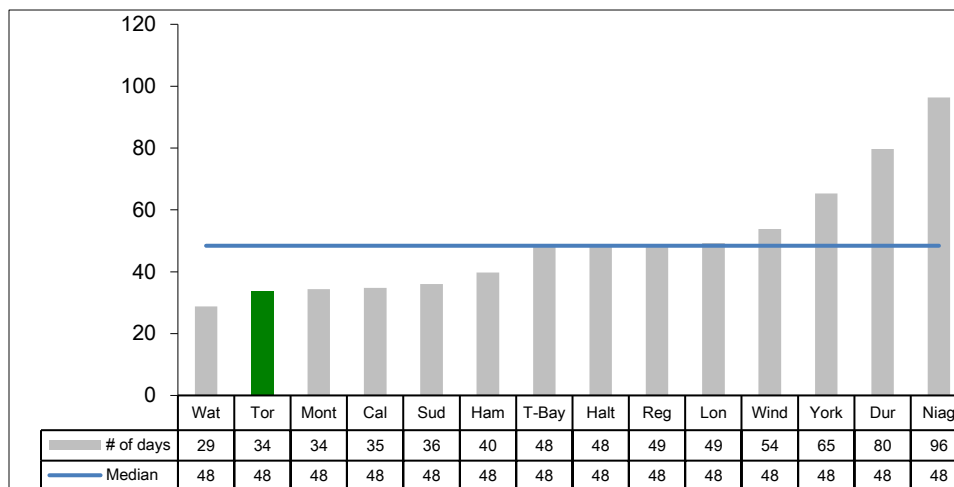
### 11.1 – HOW LONG DOES IT TAKE FOR TORONTO TO RECEIVE PAYMENT ON INVOICES ISSUED?



**Chart 11.1** reflects Toronto's average collection period (in days) for these invoices from 2007 to 2016, with a slight decrease in 2016.

Chart 11.1 (City of Toronto) Average Collection Periods for Accounts Receivable Invoices in Days

### 11.2 – HOW DOES TORONTO COMPARE TO OTHER MUNICIPALITIES FOR THE LENGTH OF TIME TO RECEIVE PAYMENT ON INVOICES ISSUED?

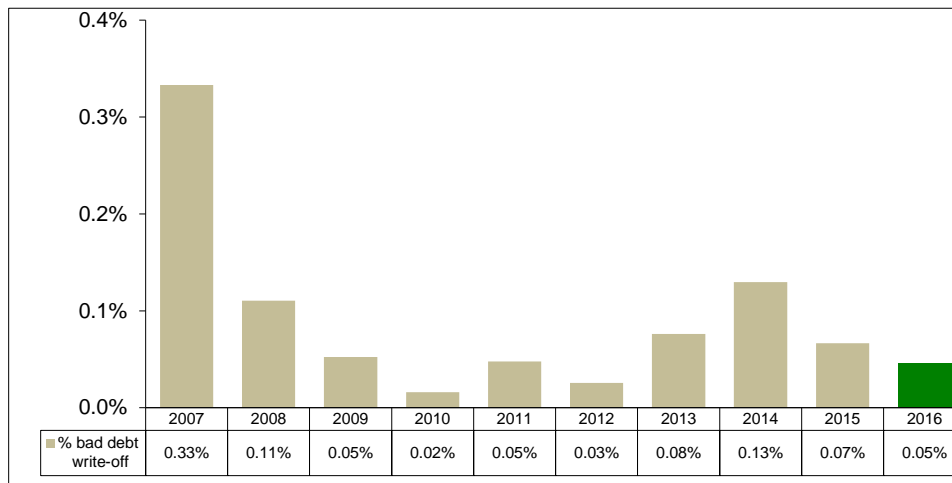


**Chart 11.2** compares Toronto's 2016 average collection period for accounts receivable invoices to other municipalities.

Chart 11.2 (MBNC 2016) Average Collection Periods for Accounts Receivable Invoices in Days

Toronto ranks second of fourteen (first quartile) in terms of having the shortest collection period. To ensure receivables are collected, accounts in arrears are sent to collection agencies or Legal Services. Amounts over \$1,000 requiring legal interpretation or legal action are forwarded to Legal Services otherwise the accounts are forwarded to collection agencies. Despite these efforts some invoices ultimately are deemed uncollectible and are written off.

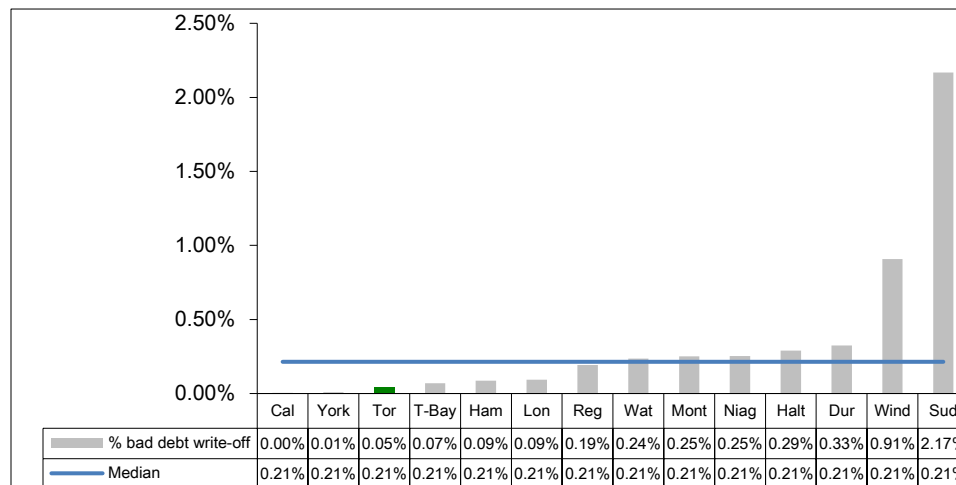
**11.3 – HOW MANY OF THE INVOICES ISSUED IN TORONTO ARE NEVER COLLECTED?**



**Chart 11.3** shows Toronto's bad debt expense over time. Toronto's results decreased slightly and represented 0.05 percent of the revenues billed.

**Chart 11.3 (City of Toronto) Bad Debt Write-offs as a Percentage of Revenue Billed**

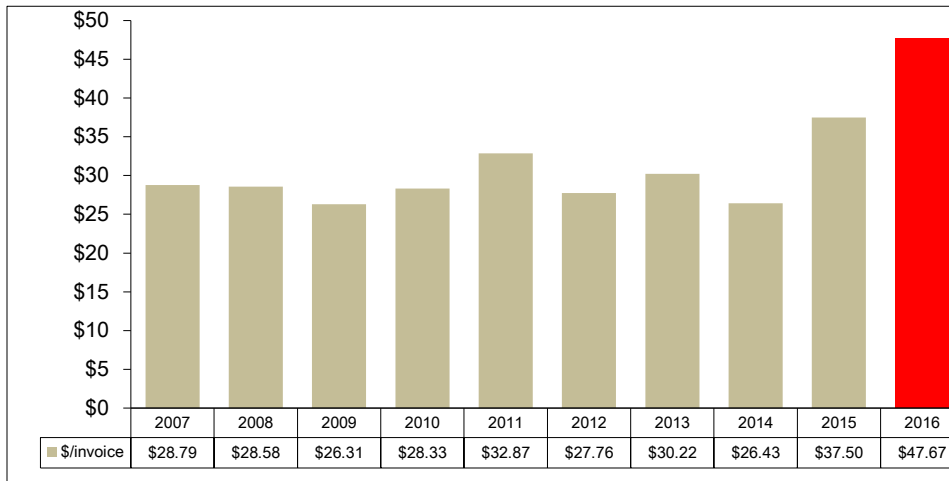
**11.4 – HOW DOES TORONTO COMPARE TO OTHER MUNICIPALITIES IN TERMS OF INVOICES ISSUED THAT ARE NEVER COLLECTED?**



**Chart 11.4** illustrates that Toronto's 2016 result ranked third of fourteen municipalities (first quartile) in terms of having the lowest rate of bad debt expense.

**Chart 11.4 (MBNC 2016) Bad Debt Write-offs as a Percentage of Revenue Billed**

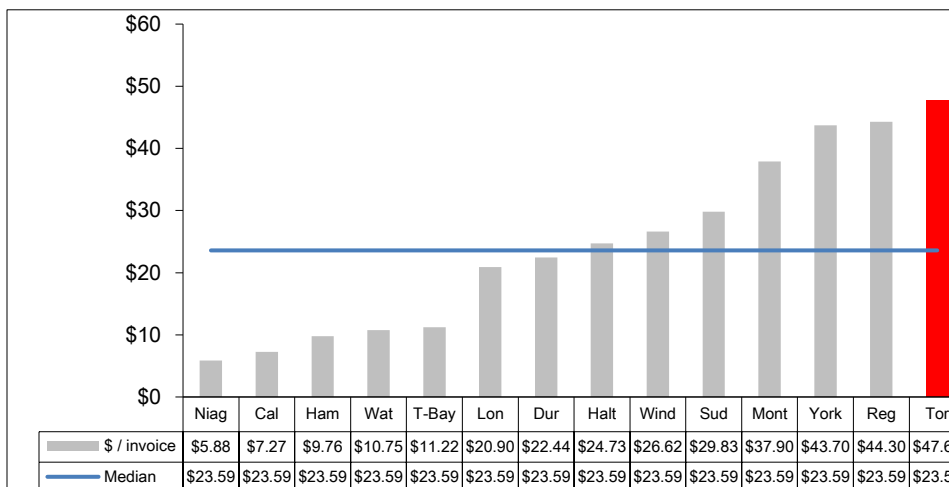
**11.5 – HOW MUCH DOES IT COST TO BILL AND COLLECT AN ACCOUNTS RECEIVABLE INVOICE IN TORONTO?**



**Chart 11.5** provides Toronto's operating cost of the accounts receivable function to bill and collect one invoice. In 2016 there was an increase in costs due to the increase in labour costs associated in managing new revenue streams.

**Chart 11.5 (City of Toronto) Operating Cost of Accounts Receivable Function per invoice Issued**

**11.6 – HOW DOES TORONTO'S COST TO BILL AND COLLECT AN ACCOUNTS RECEIVABLE INVOICE COMPARE TO OTHER MUNICIPALITIES?**



**Chart 11.6** compares Toronto's 2016 cost of the accounts receivable function per invoice to other municipalities.

**Chart 11.6 (MBNC 2016) Operating Cost of Accounts Receivable Function per invoice Issued**

Toronto ranks fourteenth of fourteen municipalities (fourth quartile) in terms of having the lowest cost. One factor in Toronto's higher cost is the introduction on new revenue streams and a corresponding increase in labour costs to manage these new revenue streams.

## 2016 ACHIEVEMENTS AND 2017 PLANNED INITIATIVES

The following initiatives are intended to further improve the efficiency and effectiveness of Toronto's General Revenue Services:

### 2016 Completed Initiatives

- Received the City Manager's Award in the Cross Corporate Project category for the newly developed self-service on-line property tax, utility billing and parking tag lookups.
- Integrated tier 1 and tier 2 call centre operations with Revenue Services and 311 for all tax and utility telephone inquiries, with a roll-out of Tax Management and Collections System (TMACS) and Utility Management and Collections System (UMACS) along with the tax and utility look-up functionality for all 311 staff, to better respond to enquiries and improve customer service.

### 2017 Planned Initiatives

- Continue to review business processes to identify and improve efficiencies.
- Ensure staff comply with corporate customer service standards and continue to provide excellent support services to internal and external customers.
- Continue to identify and initiate the application of technology improvements to manual processes.

### Factors Influencing Results of Municipalities

The results of each municipality found in the charts included in this report are influenced to varying degrees by factors such as:

- Level of government and types of services: single-tier vs. two-tier and the specific services each one offers will affect the results.
- Systems/processes: the type and quality of systems used to capture Accounts Receivable including uploads and automated billing.
- Municipal policy: collection practices and payment terms.