



Township of

# North Dundas

## COUNCIL REPORT

|                         |   |
|-------------------------|---|
| <b>To:</b>              | CAO, Mayor and Members of Council                     |
| <b>From:</b>            | John J Gareau, CPA, CA, AMCT, Treasurer               |
| <b>Date of Meeting:</b> | February 4 <sup>th</sup> 2014                         |
| <b>Subject:</b>         | Finance Department Report – Jan 31 <sup>st</sup> 2014 |

### Bank Balances:

| Bank Balances, Jan 29 <sup>th</sup> | 2014<br>Jan 29 <sup>st</sup> | Last Month<br>Dec 31 <sup>st</sup> | 2013<br>Jan 31 <sup>st</sup> |
|-------------------------------------|------------------------------|------------------------------------|------------------------------|
| General Operating Acct              | 4,351,960.69                 | 5,154,122.38                       | 5,241,861.93                 |
| Cash, GIC's, (Reserve Fund)         | 6,243,476.71                 | 6,237,189.77                       | 6,166,553.67                 |
| <b>Total</b>                        | <b>\$10,595,437.40</b>       | <b>\$11,391,312.15</b>             | <b>\$11,408,415.60</b>       |

|                                     | Jan 29<br>2014         | Jan 31<br>2013         | Jan 31<br>2012         |
|-------------------------------------|------------------------|------------------------|------------------------|
| <b>Taxes Receivable Outstanding</b> |                        |                        |                        |
| Current Year (2014)                 | (74,712.77)            | (61,560.66)            | (83,366.05)            |
| One Year in Arrears (2013)          | 1,005,565.99           | 844,528.86             | 976,478.43             |
| Two Years in Arrears (2012)         | 394,465.37             | 362,006.69             | 433,781.43             |
| Three Years in Arrears (2011+)      | 324,175.64             | 270,038.04             | 231,759.11             |
| Penalty & Interest                  | 170,338.95             | 116,862.78             | 108,027.54             |
| <b>Sub-Total</b>                    | <b>1,819,833.18</b>    | <b>1,531,875.71</b>    | <b>1,666,680.46</b>    |
| Allowance for Uncollectible Taxes   | (180,823.46)           | (226,077.04)           | (169,059.80)           |
| <b>Net Taxes Receivable</b>         | <b>\$1,639,009.72</b>  | <b>\$1,305,798.67</b>  | <b>\$1,497,620.66</b>  |
| <b>Total Taxes Billed to Date</b>   | <b>\$16,223,139.96</b> | <b>\$15,913,602.47</b> | <b>\$15,638,033.36</b> |
| <b>Percentage O/S Over Levy</b>     | <b>10.103%</b>         | <b>8.206%</b>          | <b>9.577%</b>          |

Net taxes receivable last month (ignoring the allowance account) were **\$1,993,811.28**; this month's balance of **\$1,819,833.18** (a decrease of \$173,978.10) represents the net cash collections plus billings, less write-offs for the month of January.

Council will note that the January 2013 tax arrears expressed as a percentage of the annual levy represents our 'best' results across the three years shown and in fact, the best we've seen since 2007. Part of the reason for this decrease in taxes related to the Parmalat tax adjustment that was processed in January 2013.

The total taxes billed to date also include all supplemental taxes billed up to our year end of December 31<sup>st</sup> – for council’s information, we have billed \$334,767.32 in supplemental taxes for the 2013 fiscal year – compared to \$359,541.61 in supplemental taxes in 2012; these are total numbers for all three levying bodies.

On the flip side, we have also completed the analysis of write-offs for the year. Our total (across all three levying bodies) for the year 2013 was \$178,924.16 compared to an overall total of \$381,355.86 for 2012.

For just the township portion, our net supplementals were \$101,817.42 and our net tax write-offs were \$28,866.59 for a **net increase overall of \$72,950.83.**

Part of the reason for the outstanding tax balances being a little higher this year, is due to billings recorded in 2013 that have 2014 due dates. For council’s information, we sent out a supplemental billing in January 2014 but it was for fiscal 2013 (in the amount of \$214,475.21), and was recorded in December. It is payable in two instalments, both due in 2014, one due January 31<sup>st</sup> and the second due February 28<sup>th</sup>.

Taxes receivable also include other charges that have been added to the tax roll. Once added, these charges ‘lose their identity’ and are ‘collected in the same manner as taxes’ – therefore they add to the balance of outstanding taxes receivable. For example, we had \$134,072.17 of utility bills added to taxes this past year; Michelle also billed municipal drains for a total of approximately \$70,000 – in November - with a due date of January 14<sup>th</sup> 2014 and a good portion of these drainage billings is still outstanding.

### State of the Union

Our cash position has taken a bit of a hit as evidenced by the cash balances reported on page 1 – our operating cash is down almost \$900k from the same time last year. We made our fourth instalment to the school boards in mid-December in the amount of \$890,772.40, as well as our final instalment to the Counties for 2013. In addition, there will a **final** payment in January 2014 to the Counties and school boards for their share of the net supplementary taxes less write-offs for the 2013 fiscal year. I have calculated the amounts but have not yet remitted these final payments to the counties and school boards.

In the main, cash balances are down from last year because we have made some heavy capital expenditures in 2013 – some of which are being financed over several years although the cash payment had to be made in 2013 – and the long-term financing is not yet in place. We are arranging financing with Infrastructure Ontario and once this process is completed, our operating cash positions should return to their former levels.

### 2014 Budget – Approval of Final Budget

Please see Final Budget attached as **Appendix # 1:** following last month’s budget deliberations, some minor adjustments were made to arrive at a taxation levy of \$5,331,900- representing a budgetary increase of 2.26% over last year on a dollar basis. A full copy is available in the councillor’s office for council’s perusal.

The 2014 budget is presented at this time for approval by council.

### Appointment of Auditors

We had sent out a Request for Proposal for audit services and three firms responded. On Friday, January 24<sup>th</sup> the Mayor, CAO and treasurer interviewed the three firms who responded. The tender bids were as follows:

Proposals to provide external auditing services for the next five years:

|       |           |
|-------|-----------|
| BDO   | \$ 18,500 |
| KPMG  | \$ 20,450 |
| Welch | \$ 20,700 |

A recommendation will be brought forward to council at the meeting.

### Interim Tax Levy - 2014

Attached is By-Law # 10-2014 to levy our interim taxes for the 2014 fiscal year. We are proposing a due date of March 28<sup>th</sup> and we intend to use 50% of last year's rate multiplied by the 2013 annualized assessment.

### MFOA – Municipal Finance Internship Program

We have partnered with the Township of South Dundas to share the cost and services of hiring a finance intern for one year starting the first of June 2014. There is a grant associated with this if we are successful; basically the Municipal Finance Officers Association pays 50% of the intern's salary (plus courses and seminars up to a maximum of \$5,000) and the township pays the other 50%. This is a very coveted position and there are only a few issued each year; we felt that partnering with South Dundas would increase our chances of being successful in getting an intern awarded and we would also split the salary cost 50/50 with South Dundas. This would help to make the position more affordable for both townships and give the intern a chance to work for two different townships which should greatly assist in professional development.

*A resolution of council is requested to enter into an agreement with MFOA for the Municipal Finance Internship Program.*

### By-Law to Adopt the 2014 Municipal Budget

By-Law # 11-2014 to adopt the 2014 budgeted revenues and expenditures is being presented to council for their approval.

### Long-Term Financing

We have been in contact with Robert Keene of Infrastructure Ontario as well as the main banks that we deal with, regarding the arranging of long term financing for the two arena projects and the LED project. The costs of these projects are as follows:

|                                     | Amount             |
|-------------------------------------|--------------------|
| LED Street Light Conversion Project | 415,314            |
| Winchester arena project            | 651,460            |
| Chesterville arena project          | <u>551,460</u>     |
| Total Projected Long-Term Debt      | <u>\$1,618,234</u> |

### Projects Worked on During January

Basically the month has been taken up with the following:

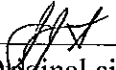
- Preparing for and attending at department head meetings of January 29<sup>th</sup>
- Finalization of 2014 budget.
- Submission of Drainage Superintendent Grant - due January 31<sup>st</sup> 2014.
- Calculation of Final Amount due to Counties and School Boards re Supps and Write-offs
- Working on year-end wppr file for 2013 fiscal year end
- Prepared and sent out an RFP (Request for Proposal) for auditing services for the next five years – commencing with the 2013 fiscal year; received RFP's back from three accounting firms on November 29<sup>th</sup>. Reviewed submissions from the three responding firms; conducted interviews with Mayor and CAO on Friday, January 24<sup>th</sup>; recommendations will be coming to council at meeting.

Bank reconciliations – are current up to December 31<sup>st</sup> 2013 and **Active Net** is balanced to the end of December.


Staff Reports (attached)

I have attached the monthly report from Michelle and Carly for council's information.

Respectfully submitted,

  
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Original signed by John J Gareau

Approved by:

  
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Original signed by Angela Rutley