

Township of

North Dundas

COUNCIL REPORT

To:	CAO, Mayor and Members of Council
From:	John J Gareau, CA, AMCT, Treasurer
Date of Meeting:	January 10 th 2012
Subject:	Finance Department Report – December 31 st 2011

Bank Balances:

Bank Balances, Dec 31 st	2011 Dec 31 st	Last Month Nov 30 th	2010 Dec 31 st
General Operating Acct	5,203,419.55	6,273,442.81	2,267,334.07
Cash, GIC's, (Reserve Fund)	6,078,729.91	6,070,736.64	7,518,206.73
Total	\$11,282,149.46	\$12,344,179.45	\$9,785,540.80

Taxes Receivable – Dec 31st

	2011	2010	2009
Current Year (2011)	1,057,405.82	954,033.53	914,937.30
One Year in Arrears (2010)	445,201.67	389,695.18	361,480.35
Two Years in Arrears (2009)	214,724.88	111,771.17	151,288.92
Three Years in Arrears (2008+)	63,916.96	73,866.35	39,224.96
Penalty & Interest	132,526.62	108,302.27	112,837.07
Sub-Total	1,913,775.95	1,637,668.50	1,579,768.60
Allowance for Uncollectible Taxes	(14,812.76)	(14,812.76)	(14,812.76)
Net Taxes Receivable	<u>\$1,898,963.19</u>	<u>\$1,622,855.74</u>	<u>1,564,955.84</u>
Total Taxes Billed to Date	<u>\$15,640,799.16</u>	<u>\$14,553,801.63</u>	<u>\$13,896,708.10</u>

Taxes receivable outstanding as a percentage of total taxes billed for the previous year:

Percentage Outstanding	12.141%	11.151%	11.261%
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	2011	2010	2009	2008	2007	2006	2005	2004	2003
Percentage Outstanding:	12.1%	11.2 %	11.6%	12.0%	10.8%	9.2%	8.6%	7.4%	7.6%

Net taxes receivable last month were \$2,033,486.34; this month's balance of \$1,898,963.19 represents a net decrease from last month in the amount of \$134,523.15.

The percentage of taxes outstanding for all three years is very consistent – 2010 was our “best” year of the three years shown as far as percentage of taxes outstanding vs. the amount of the tax levy – but the differences are very minor – 11.151% in 2010 compared to 12.141% for this year.

On a pure dollar-basis, the amount of taxes receivable outstanding is up over last year (approximately \$267,107.45 in terms of absolute dollars). However it must also be borne in mind that we billed considerably more dollars in 2011 compared to 2010 and 2009. As noted above our total taxation (for municipal, county and school boards) is up \$1,086,997.53 over last year. Therefore, in terms of percentage of taxes outstanding, the increase over last year is not that alarming. We are up to 12.141% outstanding this year compared to 11.151% at the same time last year, which is approximately 1% higher. This is not an onerous amount in my opinion – and the state of the economy is at least partially to blame. The Ministry of Municipal Affairs & Housing (MMAH) likes to see this percentage down around 10% or less at year end – and we are slightly above that amount – but we are still in the vicinity of it.

The total taxes billed to date also include all supplemental taxes billed up to November 30th – for council's information, we have billed \$530,908.88 in supplemental taxes to date – of this amount, approximately \$183,200.85 was for municipal purposes and the balance was billed on behalf of the counties and school boards. Much of this was for new residential construction. A summary is attached as Appendix # 1.

I have been double checking the final supplemental billings and write-offs for the year during the past week; I completed the supplementals (Appendix # 1) – and located an additional \$30k in billings – but am not quite finished of the write-off side yet. I am hoping to complete this by next week (January 15th) so we can get the final cheques out to the counties and school boards by the end of January.

We are also in the process of reviewing taxes receivable at December 31st 2011 to determine if any old outstanding amounts are eligible for Tax Registration in 2012 - those amounts that are three years in arrears at January 1st 2012 are eligible for tax registration. This means we can legally enter into a Tax Extension Agreement with the current owners or register their properties for tax sale to effect collection of outstanding amounts.

State of the Union

Finances are in good shape. We are still paying our bills with our own money; we made the final ‘regular’ payments to the counties and school boards in mid-December, leaving only the “final” final payment that gives effect to the counties and school boards share of any supplemental billings to which they may be entitled less their appropriate share of any tax write-offs for the 2011 fiscal year.

I will provide council with a schedule of the final amounts owing to the counties and school boards at our next meeting.

Just a reminder to council that our GIC in the amount of \$5M came due last December 3rd (2010) – we had been earning interest at 4% on this – there were no investments available to us at that time that would have returned anything close to this – consequently these funds were left in our general account where they earn interest at approximately 1.25% - and they are still there. Fortunately, the GIC rates are no better than 1.25% in the short term anyway, and the funds are available to us as surplus cash at any time we may need them. We still need to have a finance meeting in the near future to discuss whether council wants to put some of this money away in a longer term GIC, or borrow from the \$4M reserve that came from the sale of the Hydro utility, and pay interest to ourselves or any other options. We are recommending a meeting in January with our audit firm and members of council to discuss this and map out a larger scale, general overall plan regarding long term financing. At the time

of this report, we have been in contact with our auditors; they are going to look at our funding recommendations and provide a high level input.

BMO is currently offering us interest at "Prime less 1.75%" – given that BMO's prime rate is currently at 3.0% - that translates to about 1.25% interest on our average monthly balances. Furthermore, they have upped the closing daily balance on which they pay interest from \$5M to \$15M – this is good news because we no longer have to monitor what our daily balance is. We will be paid 1.25% interest on any amount up to the \$15M limit – and it is highly unlikely that we will ever get to that limit – at least not in the foreseeable future.

I have also received an email from Christina Anderson dated December 7th – at that time BMO was offering the following GIC rates:

- For anything from 30 days up to one year - 1.0%
- 1 year – 1.0% (with approval 1.6%)
- 2 years - 1.3% - with approval 1.5%
- 3 years - 1.4% - with approval possibly 2%

They are also offering what they call a "5 year rate optimizer plus" which starts at 2.35% and we can pull out 20% of the balance each year and blend that with the new 5 year rate that would be in effect at that time. This option is available on each annual anniversary of the GIC. One downside is that it ties up our funds for 5 years –100% of them for year 1, 80% for year two and so on.

We also reviewed the "Indicative Lending Rates as of December 6th 2011" from Infrastructure Ontario. These rates range from 1.96% for five years to 3.78% for 25 years and 3.99% for 40 years. This will enable us to explore what our available options might be – i.e., borrow, use reserves, use taxation revenues, etc., and we plan to discuss this with our auditors as well – as part of a larger, overall financial strategy.

- **Budget Considerations**

Preparation and timing of draft budgets was discussed with the Mayor/CAO and Department heads at our monthly managers' meeting on Friday, January 6th 2012. We realize that council would like to pass the budget by January 31st 2012- this is going to require some overtime.

- **Staffing**

We are having a great deal of difficulty getting our work done; in the absence of the tax collector and the ever-increasing demands of MAH and other filings, work is falling behind. Karen has asked to be allowed to work some overtime in order to get our bank reconciliations caught up. The year end is here and the annual audit is not far off – we must get this done as soon as possible; in addition, from an internal control point of view - it is not a good idea for the bank reconciliations to not be kept up to date.

Request to council that the Deputy-Treasurer be allowed to work some overtime hours in order to bring the bank reconciliations up to date.

Properties Eligible for Tax Sale as at December 31 2011: Appendix # 2

Attached as Appendix # 2 is a listing of the 9 individual ratepayers who were sent over to Ault & Ault for Tax Registration. These amounts have all been registered at the Registry Office and if payment is not received in full within 284 days from date of registration – their properties will become eligible for tax sale and we would obviously hope to recoup any unpaid taxes from the proceeds of that sale.

Details are shown in Appendix # 2, but in summary, this list is now at four ratepayers who owe a total of \$37,422.92 as at December 31st; as of November 30th it was at \$37,057.06 – a net worsening of \$365.86 over last month. This includes interest on the outstanding balances for the month of December as well as utility bills in arrears or any other items that may have been added on during the month.

Properties Eligible for Tax Registration – December 31st 2011 – Appendix # 3

This information is presented to council as follow-up. It is a continuation of the original listing of approximately 48 ratepayers with taxes 3 or more years in arrears and it is from this document that the current listing of Tax Registration Properties (depicted as Appendix # 2 above) was prepared. Its real purpose is just to show council where Appendix #2 came from and where we have come from and where we are in regards to this initial listing.

As at December 31st our tax registration listing for 2011 is at a dollar amount of **\$19,428.76** (\$239,490.08 overall) representing the original 48 roll numbers (last month, November 30th it was at a dollar amount of **\$20,225.45**, or \$239,986.95 in total). There was a total of \$2,762.33 received from this group in the month of December.

- **Borrowing By-Laws (# 02-12 and 03-12)**

We require a resolution of council to approve the attached borrowing by-law; this is necessary in order to satisfy the bank's requirements regarding our borrowing capabilities. Although I do not anticipate having to incur any bank borrowings for the ensuing year, it is always better to be prepared. The bank requires that council sign a new borrowing by-law each year.

Two by-laws have been prepared for council's consideration – one for BMO and one for the Royal Bank.

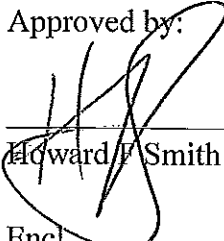
- **Tax Rate By-Law**

Attached is By-Law # 01-2012 to levy our interim taxes for the 2012 fiscal year. We are proposing a due date of March 30th and we intend to use 50% of last year's rate multiplied by the current year (2012) assessment. This should help alert taxpayers to any errors/omissions/ etc., in their current year assessment so they can be pro-active in getting any changes made.

Respectfully submitted,


John J. Gareau

Approved by:


Howard F. Smith

Encl.

TOWNSHIP OF NORTH DUNDAS											
2011 year	Summary of Supps and Omits for December 31 2011										
ROLL NO. OWNER	INCREASE	Days	Twp			County			Fr Public	Fr Sep	Total
			CT	RT	Eng Pub	Eng Sep	Eng Pub	Eng Sep			
			0.00829315	0.01081399	0.0173	0.002310	0.002310	0.002310	0.002310	0.002310	
			0.00507528	0.00661800	0.002310	0.002310	0.002310	0.002310	0.002310	0.002310	
OMIT'S RT 2009	2,249,259		3,138.94	3,917.99	1,414.57	67.91					
OMIT's RT 2010	13,227,508		23,282.59	28,842.06	9,388.39	1,401.65				8,539.41	
OMIT's RT 2011	6,960,498		35,326.50	46,064.56	14,660.05	1,418.68				62,914.69	
OMIT'S CT 2011	103,370		676.42	882.02	523.91	318.61				97,469.79	
New Construction	1,693,860		9,758.58	12,657.86	5,026.20	3,041.18				2,969.48	
		adjustment for rounding		0.66	0.04					35,923.46	
		\$ 21,985,236	\$ 72,183.03	\$ 92,365.15	\$ 31,013.16	\$ 6,248.03	\$ 1,159.53	\$ 4,848.63	\$ 207,817.53	0.70	
Summary of Supplementals for 2011											
Summary of JV # 112 and JV # 230			72,183.03	92,365.15	31,013.16	6,248.03	1,159.53	4,848.63	207,817.53		
summary JV 53			10,272.73	12,768.93	6,089.17	2,067.73	692.42	3,415.12	35,306.10		
summary JV 172			3,897.82	5,036.31	1,969.55	267.52	92.04	388.13	11,651.37		
summary JV 206/JV 231/GJ 473			96,847.27	123,989.54	41,523.49	5,499.87	1,686.09	6,587.62	276,133.88		
			\$ 183,200.85	\$ 234,159.93	\$ 80,595.37	\$ 14,083.15	\$ 3,630.08	\$ 15,239.50	\$ 530,908.88		
			1-4-1118-4000	1-4-1400-4000	1-4-1410-4000	1-4-1430-4000	1-4-1420-4000	1-4-1440-4000			