



Township of

North Dundas

COUNCIL REPORT

To:	CAO, Mayor and Members of Council
From:	John J Gareau, CA, AMCT, Treasurer
Date of Meeting:	December 13 th 2011
Subject:	Finance Department Report – November 30 th 2011

Bank Balances:

Bank Balances, Nov 30 th	2011 Nov 30 th	Last Month Oct 31 st	2010 Nov 30 th
General Operating Acct	6,273,442.81	6,254,470.11	3,675,807.60
Cash, GIC's, (Reserve Fund)	6,070,736.64	6,066,452.41	7,518,193.56
Total	\$12,344,179.45	\$12,320,922.52	\$11,194,001.16

Taxes Receivable – Nov 30th

	2011	2010	2009
Current Year (2011)	1,138,448.65	1,009,005.43	810,982.63
One Year in Arrears (2010)	464,380.43	425,566.32	392,872.29
Two Years in Arrears (2009)	238,867.07	190,427.61	250,241.80
Three Years in Arrears (2008+)	65,019.51	77,835.06	48,832.96
Penalty & Interest	141,583.44	146,919.30	145,868.11
Sub-Total	2,048,299.10	1,849,753.72	1,648,797.79
Allowance for Uncollectible Taxes	(14,812.76)	(14,812.76)	(14,812.76)
Net Taxes Receivable	<u>\$2,033,486.34</u>	<u>\$1,834,940.96</u>	<u>1,633,985.03</u>
Total Taxes Billed to Date	<u>\$15,594,540.64</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	13.040%	12.608%	11.758%
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Net taxes receivable last month were \$2,164,765.56; this month's balance of \$2,033,486.34 represents a net decrease from last month in the amount of \$131,279.22. We actually billed an additional \$312,982.99 during the month through a combination of supplemental taxes and interest, so our actual cash collections

were in the range of \$444,262.21. The final instalment on our 2011 “regular” taxes was due September 30th – and the supplemental taxes that were billed in November have due dates of: December 16th and January 16th. This additional supplemental billing also helps to explain why our taxes receivable are up over last year.

The percentage of taxes outstanding for all three years is very consistent – 2009 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 difference is very minor – 11.758% in 2009 compared to 13.040% for this year.

On a pure dollar-basis, the amount of taxes receivable outstanding is up over last year (approximately \$198,545.38 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 almost \$1,040,739.01, over last year. Therefore, in terms of percentage of taxes outstanding, the increase over last year is not that alarming. We are up to 13.040% outstanding this year compared to 12.608% at the same time last year, but 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 – we still have one more month to go - so I am hopeful that we can come to that level by year end.

The total taxes billed to date also include all supplemental taxes billed up to November 30th – for council’s information, we have billed \$500,141.53 in supplemental taxes to date – of this amount, approximately \$151,639.85 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.

State of the Union

Our cash position is still quite good – meaning we have not had to borrow any funds yet. As depicted on page 1, the balance in Operating cash is \$6.2M at month end.

We do have a rather large payment due to the School Boards on December 15th – in the amount of approximately \$876,578.82 representing the 4th instalment of our “regular” school board levies for the 2011 year. We will have a final payment to make in January once we complete the billings for all the supplemental taxes less tax write-offs and calculate the share that goes to the counties and school boards. So our cash balance will take a beating over the next couple of months.

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.

Attached is a copy of a “Non standard Pricing Arrangement” from BMO – Bank of Montreal dated November 15th. This relates to the cash management of our daily balances – not our GIC rates. You will note they are 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 attached an email from Christina Anderson dated December 7th – you will note BMO was offering at that time 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 one.

Lastly, I have included a copy of the “Indicative Lending Rates as of December 6th 2011” from Infrastructure Ontario. Note that 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.

MPAC – Assessment related data for 2012

Attached is an email from Greg Wylie at MPAC – he received a request for information from Greg Peerenboom of the Cornwall standard Freeholder on December 6th. I thought council might be interested to see where North Dundas is positioned in SD&G in relation to the other townships. Our residential taxable assessment is up over last year by an average of 5.18% and our overall growth is 1.9% - behind only North Stormont in terms of the highest growth rate in SD&G.

Projects Worked on During November

Financial Information Return (FIR) and Municipal Performance Measurement Program (MPMP)

It was not without its challenges, but we finally managed to complete the FIR and the MPMP schedules.

FIR - the Township of North Dundas has now complied with all requirements for the FIR filing and therefore our fourth quarter funding for the 2011 fiscal year should be received in December. Copies of the final FIR/MPMP schedules have been placed in council’s drop off boxes, copies are available at the front counter and I have emailed an electronic copy to Administration to be put on our website

Basically the month has been taken up with the following:

- Preparing for and attending at department head meetings of November 2nd and December 7th
- Finalization of the FIR/MPMP reports
- Telephone calls/month end balancing in absence of tax collector.
- MFOA – Municipal Budget - 1 Day Seminar – November 7th – Kingston Ontario

Properties Eligible for Tax Sale as at December 31 2011: Appendix # 1

Attached as Appendix # 1 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 # 1, but in summary, this list is now at four ratepayers who owe a total of \$37,057.06 as at December 1st; as of November 1st it was at \$36,691.19 -- a net worsening of 365.87 over last month. This includes interest on the outstanding balances for the month of November as well as utility bills in arrears or any other items that may have been added on during the month of October.

Properties Eligible for Tax Registration -- November 30th 2011 -- Appendix # 2

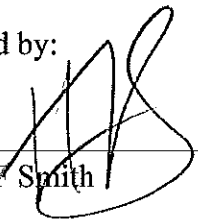
This information is presented to council as follow-up. It is a continuation of the original listing of approximately 48 ratepayers with taxes 3 or more years in arrears and it is from this document that the current listing of Tax Registration Properties (depicted as Appendix # 1 above) was prepared. Its real purpose is just to show council where Appendix #1 came from and where we have come from and where we are in regards to this initial listing.

As at November 30th our tax registration listing for 2011 is at a dollar amount of **\$20,225.45** (\$239,986.95 overall) representing the original 48 roll numbers (last month, October 31st it was at a dollar amount of **\$23,932.61**, or \$249,017.50 in total). There was a total of \$13,091.43 received from this group in the month of November.

Respectfully submitted,



John J. Gareau

Approved by:


Howard F. Smith
Encl.