



Township of

# North Dundas

<b>COUNCIL REPORT</b>	
<b>To:</b>	CAO, Mayor and Members of Council
<b>From</b>	John J Gareau, CA, AMCT, Treasurer
<b>Date of Meeting:</b>	February 1 <sup>st</sup> 2011
<b>Subject:</b>	Finance Department Report - January 31 <sup>st</sup> 2011

## Bank Balances:

Bank Balances, Jan 26 <sup>th</sup>	2011 Jan 26 <sup>th</sup>	Last Month Dec 31 <sup>st</sup>	2010 Jan 31 <sup>st</sup>
General Operating Acct	2,785,878.42	2,267,334.07	2,126,291.92
Cash, GIC's, (Reserve Fund)	7,521,268.24	7,518,206.73	7,372,917.18
<b>Total</b>	<b>\$10,307,146.66</b>	<b>\$9,785,540.80</b>	<b>\$9,499,209.10</b>

## Taxes Receivable – Jan 26<sup>th</sup>

	2011	2010	Difference
Current Year (2010)	(67,310.94)	(45,465.47)	(21,845.47)
One Year in Arrears (2009)	885,792.59	854,552.36	31,240.23
Two Years in Arrears (2008)	380,749.89	346,937.86	33,812.03
Three Years in Arrears (2007+)	159,511.49	177,558.15	(18,046.66)
Penalty & Interest	107,783.03	108,345.95	(562.92)
<b>Sub-Total</b>	<b>1,466,526.06</b>	<b>1,441,928.85</b>	<b>24,597.21</b>
Allowance for Uncollectible Taxes	(14,812.76)	(14,812.76)	---
<b>Net Taxes Receivable</b>	<b><u>\$1,451,713.30</u></b>	<b><u>\$1,427,116.09</u></b>	<b><u>24,597.21</u></b>
<b>Total Taxes Billed to Date</b>	<b><u>\$14,514,604.92</u></b>	<b><u>\$13,988,126.24</u></b>	<b><u>\$526,478.68</u></b>

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

<b>Percentage Outstanding</b>	<b>10.002%</b>	<b>10.202%</b>	<b>0.0196%</b>
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Net taxes receivable last month were **\$1,622,855.74**; this month's balance of **\$1,451,713.30** represents cash collections during the month of January in the amount of \$171,142.44. As per the above, we are slightly behind last year (in terms of cash collections) by an amount of \$24,597.21, which is actually quite good considering our overall tax levy was \$526,478.68 higher than last year. As a percentage of taxes billed, the outstanding taxes are almost identical to last year.

- **State of the Union**

Our cash position is decent. 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 2010 fiscal year.

I had been hoping to provide council with a schedule of the final amounts owing to the counties and school boards at this meeting, but I did not have time to complete the work. I have been double checking the final supplemental billings and write-offs for the year during the past week but was not able to get this task completed and present the schedule to council as I had hoped to. I am hoping to get it done next week (January 29<sup>th</sup>) so that we may get the final cheques out to the counties and school boards by the first week of February. These levying bodies are looking for the annual reconciliation of tax revenues plus supplementals less write-offs and of course, for their final payment.

- **Properties Eligible for Tax Registration, Appendix #1, 2 and 3 –Jan 26<sup>th</sup> 2011**

All three appendices are attached for council's information – the 2009, 2010 and 2011 listing of properties that are eligible for tax registration. The 2011 listing is now down to **48** roll numbers representing total taxes outstanding of **\$336,816.69** and a minimum dollar amount of **\$142,438.52** representing the third year amounts that must be cleared to avoid registration. This is an improvement during the month of January of \$34,942.01.

The comparable numbers for the same time last year were **41** roll numbers with minimum payment amounts of **\$144,935.82** and total taxes outstanding of **\$321,556.88**. Therefore, we are slightly behind last year in terms of keeping our delinquent accounts to a minimum – approximately \$15k at this point. We will continue to work on this listing and will bring a final listing to council in the near future for their concurrence on tax registration proceedings.

If just this amount on **Appendix # 3** were collected in full, it would greatly serve to augment our cash position and reduce our outstanding taxes by \$336,816.69 to an amount of \$1,114,896.61 which would result in an outstanding percentage at January 31<sup>st</sup> of 7.68% - which would be more in line with the 2005 fiscal year.

- **Properties Eligible for Registration in 2009: Appendix # 1**

See **Appendix # 1** for details; total outstanding in **December** was **\$33,102.17**; **this month** it is unchanged and still sits at **\$33,102.17**– basically due to the fact that taxpayers number 2 and 3 cleared their third year balances by paying us just in excess of \$9,000 in December. The monthly interest has been added on to the outstanding balances for January 2011 and this has accounted for the increase in the other balances.

In addition we are working with taxpayer # 1 (he has his property listed for tax sale and is encountering some legal issues re a road allowance – the clerk, myself and Calvin Pol have all been very active trying to assist him with this) – once it gets resolved, he will sell the property and we will collect just over \$5k in property taxes. We think we have resolved this issue now and are waiting to hear back from his lawyer.

### **Tax Extension Agreements:**

The Tax Extension Agreements provided to council at the meeting of January 11<sup>th</sup> were all signed by the taxpayers in question save for one. He took the forms home to read over and said he might borrow the funds from the bank to avoid the high interest rates. My understanding was we would hear back from him by Monday, January 24<sup>th</sup> but at the time of preparing this report there had been no contact from him.

- **Summary of Tax Write-Offs**

I was hoping to have this ready for this council meeting but time commitments in other areas have precluded me from accomplishing this task.

- **Due to (From) Counties & School Boards**

These two schedules are tied in together – again – hoping to have them done by early February.

- **Interim Taxes**

Rosy has been working on getting the tax bills printed so we can mail out the interim taxes. We are hoping for a mail out no later than Friday, February 18<sup>th</sup> with a due date of Friday, March 25<sup>th</sup>. This is the same due date as last year.

As in previous years we are proposing an “off month-end” due date – this has been debated in the past and was discussed with the tax collector again this year. She feels it is preferable to give the ratepayers a full week (interest is not charged until April 1<sup>st</sup>) rather than to make the due date March 31<sup>st</sup> and then have ratepayers upset on April 1<sup>st</sup> or 2<sup>nd</sup> when they believe themselves to be only a day or two late and we are charging them interest. This way they will have a full week after the due date but before interest is added on and so they should have no basis for complaint.

We intend to use 50% of last year’s tax rate multiplied by the 2011 assessment figures. This is consistent with the format followed last year and we believe it is better for the taxpayers; they can see their current year assessed figures right away as opposed to finding out in June when we issue the final tax bills that they are being assessed as Residential taxpayers instead of Farm (as an example). This way they will be alerted sooner and if they have concerns, these concerns can be addressed in a timely manner.

- **Budget Deliberations**

Further to our discussions with the Mayor/CAO and Department heads at our monthly managers’ meeting on Wednesday, January 26, 2011, all department heads were instructed to get their initial draft into Finance by January 31<sup>st</sup> 2011- in order to give the CAO and treasurer time to review them with individual department heads and bring a first draft to council for the March meeting.

We have been trying to work on the budget but January and February are very busy months for all departments; in the finance department we had the T4’s being due and various grant applications that had to be filed by January 31<sup>st</sup> – in addition to working on the final calculations for the Counties and school boards - it was very difficult to find extra time for budget preparation. I know other departments struggled as well. We are hoping to have a rough draft to council for the council meeting of March 8<sup>th</sup>.

### Education/Seminars

I had asked council's permission at our last meeting to attend a PSAB course in Ottawa on February 15<sup>th</sup> and 16<sup>th</sup> – subject to its meeting our requirements. Upon further investigation, this course is aimed at participants working for the Federal level of Government; as such it has very little to do with our needs here at the municipal level and consequently, I did not register and will not be attending.

### Miscellaneous Finance Issues

Karen and I met with two representatives of the Royal Bank – Mr. Kevin Darling and James Nguyen – on Thursday, January 20<sup>th</sup> 2011 – at 11: 00 am. It was a very informative meeting and I would like very much to set up a meeting with them and council. Kevin sent us a spreadsheet detailing cost savings of going to EFT payments with our suppliers – which is a project that I know the Mayor has been advocating. We also spoke in general terms of getting the tax billing on-line – which was something else the Mayor had mentioned.

RBC is also offering long-term financing for some of our capital projects; they have 30 year term loans of 5.40% - which compare very favourably to Infrastructure Ontario's loans of 4.89%. In addition, RBC is able to invest any surplus funds we may have, while I/O is strictly in the loans business. I'm not advocating one over the other at this point, but I do think it would be worthwhile to have one of their representatives do a presentation for council. With your permission, I would like to set up a meeting in the near future.

### Annual Repayment Limit (ARL)

I have also attached a copy of our ARL – or Annual Repayment Limit. This is produced by the Ministry of Municipal Affairs and Housing and is based on 2009 data contained in the 2009 Financial Information Return. This limit represents the maximum amount we can commit to payments relating to debt and financial obligations. We have really no debt but the Ministry does consider our payments on tile drainage loans to be debt payments - they also consider our financial commitment to the Hospital (\$70K per year) to be in the nature of debt payments or long-term financial commitments.

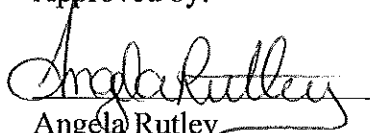
As depicted in the attached ARL, our estimated annual Repayment Limit is \$1,981,038 – this represents the amount of annual payment available to us – not the amount of debt we can incur. Depending on the interest rates and length of time chosen to repay the debt, we could incur debt of \$24M based on a 20 year payback at 5% - or we could incur debt of \$8,122,645 based on a 5 year payback at 7%.

I thought council might find this information useful as we look towards the future and our capital projects and the 2011 budgeting process.

Respectfully submitted,

  
John J. Gareau

Approved by:

  
Angela Rutley

Encl.