



Township of

North Dundas

COUNCIL REPORT	
To:	CAO, Mayor and Members of Council
From:	John J Gareau, CA, AMCT, Treasurer
Date of Meeting:	January 11, 2011
Subject:	Finance Department Report - December 31 st 2010

Bank Balances:

Bank Balances, Dec 31 st	2010 Dec 31 st	Last Month Nov 30 th	2010 Dec 31 st
General Operating Acct	2,267,334.07	3,675,807.60	2,392,176.70
Cash, GIC's, (Reserve Fund)	7,518,206.73	7,518,193.56	7,388,296.80
Total	\$9,785,540.80	\$11,194,001.16	\$9,780,473.50

Taxes Receivable – Dec 31st

	2010	2009	Difference
Current Year (2010)	954,033.53	914,937.30	39,096.23
One Year in Arrears (2009)	389,695.18	361,480.35	28,214.83
Two Years in Arrears (2008)	111,771.17	151,288.92	(39,517.75)
Three Years in Arrears (2007+)	73,866.35	39,224.96	34,641.39
Penalty & Interest	108,302.27	112,837.07	(4,534.80)
Sub-Total	1,637,668.50	1,579,768.60	57,899.90
Allowance for Uncollectible Taxes	(14,812.76)	(14,812.76)	---
Net Taxes Receivable	<u>\$1,622,855.74</u>	<u>\$1,564,955.84</u>	<u>57,899.90</u>
Total Taxes Billed to Date	<u>\$14,514,604.92</u>	<u>\$13,988,126.24</u>	<u>\$670,413.75</u>

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

Percentage Outstanding	11.181%	11.188%	0.06%
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	2010	2009	2008	2007	2006	2005	2004	2003	2002
Percentage Outstanding:	11.2%	11.6%	12.0%	10.8%	9.2%	8.6%	7.4%	7.6%	6.5%

Net taxes receivable last month were **\$1,834,940.96**; this month's balance of **\$1,622,855.74** represents cash collections during the month of December in the amount of \$212,085.22. As per the above, we are slightly behind last year's collections by an amount of \$57,899.90, which is very good considering our overall tax levy was \$670,413.75. higher than last year. As a percentage of taxes billed, the outstanding taxes are almost identical to last year.

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. I am hoping to get it done next week (January 15th) so that we may get the final cheques out to the counties and school boards by the end of January.

We are in the process of reviewing taxes receivable at December 31st 2010 to determine if any old outstanding amounts are eligible for Tax Registration in 2011 - those amounts that are three years in arrears at January 1st 2011 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. See Appendix # 3 for a detailed listing of properties.

- **Budget Considerations**

Preparation and timing of draft budgets was discussed with the Mayor/CAO and Department heads at our monthly managers' meeting on Wednesday, January 5, 2011. Everyone is desirous of pushing forward with the budget and providing council with as early a draft as possible this year. Department heads have been instructed to get their initial draft into Finance by January 31st 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 first meeting in March.

- **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 2010 fiscal year.

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

- **Properties Eligible for Tax Registration, Appendix # 3 –Jan 1st 2011**

The tax collector sent out notices on November 30th to property owners whose homes/properties had tax balances more than three years in arrears (or would have by January 1st 2011) informing them to make arrangements to pay off their old balances or they would be in danger of having their properties registered for tax sale.

This initial listing (a copy is attached as Appendix # 4 for council's information) was comprised of 104 ratepayers who owed a total of **\$724,542.12** in outstanding taxes. The minimum amount they had to pay to avoid tax registration (the amount of taxes three years or more in arrears plus interest outstanding) was **\$294,753.67**.

This listing is now down to 48 roll numbers representing total taxes outstanding of **\$371,758.70** and a minimum dollar amount of **\$177,380.53** representing the third year payment that must be made to avoid registration. This is an improvement during the month of December of \$352,783.42.

The comparable numbers for the same time last year were 46 roll numbers with minimum payment amounts of \$197,074.99 and total taxes outstanding of \$481,839.58. So the good news is we are slightly ahead of last year in terms of keeping our delinquent accounts to a minimum – approximately \$110k at this point. We will continue to work on this listing and will bring a final listing to council in February or March 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 \$371,758.70 to an amount of \$1,251,097.04 which would result in an outstanding percentage at December 31st 8.62% - which would be more in line with the 2005 fiscal year.

I have also attached for council's information an email from Chris Gleeson of MMAH. This just came in at the last minute as I was finalizing my report and I have not had a chance to study it in detail but it does address our outstanding taxes receivable as the only area where the Ministry has concerns. The Ministry likes to see our tax arrears at less than 10% and they have been above this number for the last three years (2010 will make it four years). He would like me to get back to him with my "comments as to the cause of the indicated high levels of arrears and the steps being taken to address it."

Properties Eligible for Registration in 2009: Appendix # 1

Appendix # 1 is attached as "Properties Eligible for Tax Registration from 2009": Ratepayer Number 1 has listed his property for sale (roll # 011-003-21000 in the amount of \$5,096.62); Ratepayers Number 2 and 3 (Rolls # 011-009-43000 and # 011-009-51000) are the same person – they have cleared their third year and are no longer an issue; ratepayers # 4, 5 and 6 have all signed Tax Extension Agreements wherein they have agreed to pay fixed sums each month to clear their outstanding balances. Ratepayer # 4 is in default of their tax extension agreement and should be registered and I have just learned that ratepayer # 6 was deceased in November.

A bit of good news in this area for a change: See Appendix # 1 for details, but the total outstanding in November was \$41,817.95; this month it is \$33,102.17 – a net betterment of \$8,715.81 – 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 resolve this for him) – once it gets resolved, he will sell the property and we will collect just over \$5k here.

We also have extension agreements with three of the six taxpayers; one is in violation; one is making monthly payments as agreed, and taxpayer # 6 is unfortunately deceased. I imagine his property will be sold when the estate is settled and we will get our outstanding balance collected at that time. So the only remaining issue on this appendix # 1 is taxpayer # 4. Details are provided in your "in-camera" packages.

Properties Eligible for Tax Registration – 2010 – Appendix # 2

Again some good news in this area: As at December 31st our tax registration listing for 2010 is at a dollar amount of \$112,095.63 (\$221,839.72 overall) representing 24 roll numbers (the last month we submitted a tax registration listing for November 30th when it was at a dollar amount of \$67,662.40, \$234,563.21 in total represented by 24 roll numbers) – see Appendix # 2 attached for a detailed breakdown.

So in total there is a reduction from last month of \$12,723.49 – the reason for the large increase in the current amount due column is because we are in 2011 now and all of year 2 last year is now in year three for this year.

Tax Extension Agreements:

Tax Extension Agreements are provided in your “in-camera” packages. They consist of 7 ratepayers who owe a combined total of \$ 57,205.56, plus an additional one pending in the amount of \$2,149.53.

- **Borrowing By-Laws (# 04-11 and 12-11)**

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**

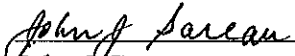
Attached is By-Law # 05-2011 to levy our interim taxes for the 2011 fiscal year. We are proposing a due date of March 25th and we intend to use 50% of last year’s rate multiplied by the current year (2011) assessment. This should help alert taxpayers to any errors/omissions/ etc., in their current year assessment so they can be pro-active in getting any changes made.

Education/Seminars

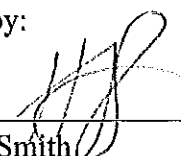
This came in late as well (my apologies) but attached is an email from the Chartered Accountants Ass’n of Canada advertising a PSAB course in Ottawa for 2 days February 15 -16. I did not get an opportunity to run this by the CAO prior to our meeting; cost is \$995 – I would like to look into attending it with the approval of council and the CAO.

1. **CICA – PSAB Course** – February 15-16, 2011 – Ottawa, Ontario, cost is \$995 plus accommodations.

Respectfully submitted,


John J. Gareau

Approved by:


Howard F. Smith

Encl.