



Township of

North Dundas

COUNCIL REPORT	
To:	CAO, Mayor and Members of Council
From:	John J Gareau, CA, AMCT, Treasurer
Date of Meeting:	March 8 th 2011
Subject:	Finance Department Report – February 28 th 2011

Bank Balances:

Bank Balances, Feb 28 th	2011 Feb 28 th	Last Month Jan 31 st	2010 Feb 28 th
General Operating Acct	3,374,421.48	2,785,878.42	3,078,560.81
Cash, GIC's, (Reserve Fund)	6,070,099.74	7,521,268.24	7,389,674.12
Total	\$9,444,521.22	\$10,307,146.66	\$10,468,234.93

Taxes Receivable – Feb 28th

	2011	2010	Difference
Current Year (2011)	6,757,108.05	6,400,118.00	356,990.05
One Year in Arrears (2010)	765,683.88	771,527.51	(5,843.63)
Two Years in Arrears (2009)	361,671.91	303,114.09	58,557.82
Three Years in Arrears (2008+)	155,305.37	136,819.18	18,486.19
Penalty & Interest	107,929.20	97,926.46	10,002.74
Sub-Total	8,147,698.41	7,709,505.24	438,193.17
Allowance for Uncollectible Taxes	(14,812.76)	(14,812.76)	---
Net Taxes Receivable	<u>\$8,132,885.65</u>	<u>\$7,694,692.48</u>	<u>438,193.17</u>
Net Taxes Receivable Excluding Current Year	<u>\$1,375,777.60</u>	<u>\$1,294,574.48</u>	<u>\$81,203.12</u>

Total taxes billed to Date \$14,514,604.92 \$13,988,126.24 \$526,478.68

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

Percentage Outstanding	9.478%	9.255%	2.409%
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Net taxes receivable last month were \$1,451,713.30; this month's balance of \$8,132,885.65 represents an increase over last month in the amount of \$6,681,172.35. This is due solely to the fact that we put out our interim tax bills in the last week of February – with a due date of March 25th.

- **State of the Union**

Our cash position is decent. We are still paying our bills with our own money – but we are getting “down there.” 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 did complete the checking of the supplemental billings and write-offs for the year during the past couple of weeks and have sent a reconciliation schedule off to Vanessa at the Counties indicating our final balance owing to them (\$36,792.90) but was not able to get this task completed for the school boards or for our own municipal purposes due to time constraints re budgeting and year end working paper preparation.

I am hoping to complete this task by the end of March so that we may get the final cheques out to the counties and school boards by the first week of April. These levying bodies are looking for the annual reconciliation of tax revenues plus supplementals less write-offs and of course, for their final payment.

In consultation with the mayor and deputy CAO- we have decided to transfer our “heritage fund” of \$4 Million into a separate bank account pending council's decision on how they would like to utilize these funds. We fear that if left in with our operating bank account, the money will inadvertently get spent and this may not be council's wishes.

- **Properties Eligible for Tax Registration, Appendix #1, 2 and 3 –Feb 28th 2011**

All three appendices that were previously being provided for council's information – the 2009, 2010 and 2011 listing of properties that are eligible for tax registration – have now been combined into one listing – attached as **Appendix # 1**. The 2011 listing is now down to **48** roll numbers representing total taxes outstanding of **\$335,318.24** and a minimum dollar amount of **\$136,280.93** representing the third year amounts that must be cleared to avoid registration. This is a net worsening during the month of February of \$1,498.45.

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 \$14,261.36 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.

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 but we are still waiting to hear back from his lawyer.

Interim Taxes

With assistance from the staff from Admin and the Planning & Building departments, we managed to get the interim tax bills out on Friday, February 18th. The due date of March 25th was selected in order to give the ratepayers the requisite 21 days' notice before payment is due. This is pretty much the same time frame that they were due last year.

We used 50% of last year's tax rate multiplied by the 2011 assessment figures. This is consistent with the method we used last year – in 2009 we billed at 40% of the previous year's tax rate. No doubt some taxpayers would have preferred us using the 2010 assessment figures but we believe it is better for the taxpayers to use the current year's assessment; they can see their current year assessed figures right away as opposed to finding out only in June when we issue the final tax bills. This way they will be alerted sooner and if they have concerns, these concerns can be addressed in a timely manner.

Technically, we should bill 50% of last year's tax dollars but we encountered untold difficulties at the interim and especially at the year end when we did this in the past, so we have decided not to go that way again this year.

• Amounts billed:	This Year 2011	Last Year 2010	Prev Years 2009
Uncapped classes Residential/Farm -	\$5,711,034.67	\$5,546,117.09	\$4,577,064.28
Capped classes – Commercial/Industrial -	<u>1,425,448.27</u>	<u>1,395,392.57</u>	<u>1,105,410.66</u>
Totals	<u>\$7,136,482.94</u>	<u>\$6,941,509.66</u>	<u>\$5,682,474.94</u>

- 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 1st) rather than to make the due date March 31st and then have ratepayers upset on April 1st or 2nd 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 before interest is added, so they should have no basis for complaint. The total amount of tax bills issued was \$7,136,482.94 as per the above breakdown and we will need these funds by the end of March in order to pay the counties and School Boards their first installment (due March 31st) and to provide working funds for our needs.

Other projects taken up during the month consisted of the following:

- Statement of Councillors' Remuneration as required under Section 284 (1) of the Municipal Act
- Calculation of first instalment due to School Boards on March 31st
- Preparing for and attendance at department head meeting of March 2nd
- Assisting with preparation and mailing of interim taxes, including balancing of Assessment Roll in Vadim to Assessment roll provided by MPAC
- Meeting with Department Heads with regards to capital expenditures and their financing from reserves re: preparation of the 2011 year-end Budgets.
- Responding to tax queries from ratepayers in absence of tax clerk

It is also a tax collection month and therefore there are more phone calls and sundry other matters to deal with than at other times of the year.

Budget Deliberations

The managers have been working on their budgets and most departments are fairly well along; all departmental budgets have been reviewed with the department head and the deputy CAO.

I understand that three departments will be presenting their budgets in detail at the upcoming council meeting. Currently the net tax levy is at \$5,811,773; assuming a general dollar increase of 2.45% over last year's budgeted taxation revenue of \$4,779,598 (which would enable us to levy \$4,896,698) we are looking at cuts in the neighbourhood of \$1 m (\$915,075 as at 10:00 am on March 4, 2011).

Total budgeted Expenditures	\$10,415,851
Less: Budgeted Revenues	<u>4,604,078</u>
To Be Raised From Taxation	\$ 5,811,773
Amts Raised Last Yr. (+ 2.45% Incr)	<u>4,896,698</u>
Excess	<u>\$ 915,075</u>

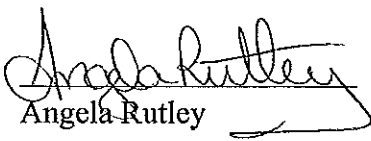
Miscellaneous Finance Issues

I asked Karen to contact BMO (Bank of Montreal) to inquire about splitting off our \$4M from our general funds. We are going to physically segregate the funds to avoid spending the "heritage fund" accidentally. We are currently receiving prime less 1.75% (which amounts to 1.25%) on our average daily balance. The GIC rates are slightly less (about 1.00%) going out from 30 days to one year – so we are better off to leave the money in the bank – plus we have added flexibility should council decide they do want to access these funds.

Respectfully submitted,


John J. Gareau

Approved by:


Angela Rutley
Encl.