



# Staff Report

## Finance and IT Services

---

**Report To:** Committee of the Whole  
**Meeting Date:** April 24, 2017  
**Report Number:** FAF.17.58  
**Subject:** Property Taxes Receivable Update  
**Prepared by:** Kris Couture, Tax Collector

---

### A. Recommendations

---

THAT Council receive Staff Report FAF.17.58, entitled "Property Tax Receivable Update" for information purposes.

### B. Overview

---

This report describes the current amount of property taxes outstanding as of December 31, 2016.

### C. Background

---

The Town of The Blue Mountains bills and collects taxes for Town purposes, on behalf of the County of Grey and the four local school boards. In addition, Town utility arrears (water and wastewater) are transferred to tax roll accounts after four billing periods (8 months) as well as uncollectable department fees and charges that, by legislation, may be added to the tax roll.

The Town remits the County of Grey and the local school boards their portion of the taxes levied, regardless of whether the Town receives payment from the taxpayer. To encourage prompt payment and to offset cash advances from The Blue Mountains to the County of Grey and local school boards, the Town charges a late payment fee of 1.25% per month, the maximum allowable under the Municipal Act, on tax accounts not paid by the due date and that are in arrears.

To calculate the property tax receivables financial indicator, the amount of taxes outstanding at year end is taken as a percentage of the year's total taxes levied, including the county and school boards. Property tax receivable is an indicator of a municipality's financial health. A municipality can increase its cash flow by reducing the amount of property taxes outstanding.

Property taxes receivable are reported annually to the Province through the Financial Information Return (FIR). Based on the Province's standards, outstanding taxes between 10 -

15% of the annual tax levy are seen as a moderate risk indicator of financial health. Below 10% is seen as a low risk indicator. As of December 31, 2016, the Town tax receivables indicator was 9.1%, down from 9.6% at the end of 2015. At March 31, 2017, the percentage was 6.3%. Consistent collection efforts will continue in 2017 with a goal to eliminate over 3 years' arrears to further reduce the indicator.

## D. Analysis

---

### Historical Taxes Receivable

The table below provides Taxes Receivable from 2012-2016. 2016 arrears include utility arrears, uncollectable department fees receivable and tax registration fees in the amount of \$46,585.21.

	2012	2013	2014	2015	2016
<b>Current</b>	\$2,394,694	\$2,364,437	\$2,361,989	\$1,978,424	\$2,014,855
<b>Year 1</b>	\$1,182,512	\$1,461,734	\$1,302,705	\$902,761	\$945,477
<b>Year 2</b>	\$617,640	\$903,648	\$931,672	\$388,836	\$286,128
<b>Year 3+</b>	\$410,193	\$680,046	\$783,882	\$194,098	\$154,220
<b>Total</b>	\$4,605,039	\$5,409,865	\$5,380,247	\$3,464,119	\$3,400,680
<b>Levied</b>	\$33,586,610	\$33,433,818	\$35,242,238	\$36,035,957	\$37,299,739
<b>% Levied</b>	13.7%	16.2%	15.6%	9.6%	9.1%

### Supplementary Taxes

For 2016, supplementary assessment for Town purpose taxation raised \$162,850.94. Assessment Change Event reductions (Assessment Review Board decisions, Request for Reconsideration approvals, Tax Incentive Adjustments, Vacancy Rebates and Section 357 application adjustments) resulted in tax reductions of \$66,701.73. The net supplementary taxation was therefore \$96,149.21. The 2016 budgeted amount was \$110,000.

### Penalty/Interest on Tax Arrears

In 2016, the revenue from tax penalty/interest was \$489,571, down significantly from the 2015 figure of \$597,266 as a result of successful tax collection efforts.

### Collection Activities

The Tax Billing and Collecting Policy provides the framework for the administration of the Town's property tax receivables, including the processes to be followed when those accounts fall into arrears.

In 2015, five Tax Registrations were commenced. Two for properties where corporate ownership escheated to the crown, successful tax sales were held March 9, 2017. The higher

tenderer for these two tax sales forfeited and consequently the tender deposits total of \$62,207 has been taken as revenue for the Town. The lower tenderers for these two tax sales completed the transaction.

For one abandoned property a successful tax sale was held August 25, 2016. The owner of the other apparently abandoned property, paid the Cancellation Price two days before the scheduled tax sale March 9, 2017.

Full payment of the Cancellation Price was received for the last remaining 2015 registration for the property where the owner continued to default on payment arrangements.

In 2016, twelve Tax Registrations were commenced. Full payment of the Cancellation Price has been received for ten of these registrations. Barring payment, one of the remaining registrations will go to tax sale after August 23, 2017 and for the last one, it is the Town's understanding from the owner's solicitor that full payment is forthcoming this month.

In June of 2016, demand letters were sent to property owners liable for Tax Registration in 2017. Follow-up letters were sent in November. While many taxpayers paid and/or made suitable arrangements for payment, in early February 2017, registration procedures were commenced on four properties. One property owner paid the tax arrears in full, and the three others made suitable payment arrangements before certificates were registered on title. The registration process for these three have therefore been suspended pending full payment.

Demand letters for property owners liable for Tax Registration in 2018 will be sent in June of this year with a follow-up letter in November.

## **E. The Blue Mountains' Strategic Plan**

---

Goal #4: Promote a Culture of Organizational and Operational Excellence  
Objective #4: To Be a Financially Responsible Organization

## **F. Environmental Impacts**

---

None.

## **G. Financial Impact**

---

Collection of tax arrears improves the Town's cash flow position. Decreased taxes receivable proportionately decreases the penalty/interest revenue.

## **H. In consultation with**

---

None.

**I. Attached**

---

None.

Respectfully Submitted,

---

Kris Couture  
Tax Collector

---

Ruth Prince  
Director of Finance and IT Services

For more information, please contact:  
Kris Couture  
kcouture@thebluemountains.ca  
519-599-3131 extension 225