



Staff Report

Finance – Revenue

Report To: COW-Finance, Admin, Fire, Legal, Community Services
Meeting Date: April 3, 2023
Report Number: FAF.23.043
Title: 2022 Tax Receivables Report
Prepared by: Amy Moore, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report FAF.23.043, entitled “2022 Tax Receivables Report” for information purposes.

B. Overview

This report provides Council with an update on property tax receivables as at December 31, 2022.

C. Background

The Town of The Blue Mountains levies and collects property tax for Town purposes, on behalf of the County of Grey and the four local school boards, based on assessment values provided by the Municipal Property Assessment Corporation (MPAC). Each year, there is an interim billing mailed in February with due dates in March and May and an annual billing mailed in July with due dates in August and October. When supplementary assessments for new construction are received from MPAC, supplementary billings are mailed between August and December with various due dates. In addition, Town utility arrears (water and wastewater) are transferred to tax roll accounts after two billing periods (4 months). Unpaid fees and charges from Town departments that, by legislation, may be added to the tax roll are also transferred to the tax roll.

The Town remits to the County of Grey and the local school boards their portion of the property tax levied, regardless of whether the Town receives payment from the taxpayer. To encourage prompt payment and to offset cash advances from the Town of The Blue Mountains to the County of Grey and local school boards, the Town charges penalty/interest at 1.25% per month, the maximum allowable under the Municipal Act, on tax installments not paid by the due date.

To calculate the property tax receivables financial indicator, the amount of property tax outstanding at year end is taken as a percentage of the year’s general tax levy, 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 tax outstanding.

Property tax receivable is reported annually to the Province through the Financial Information Return (FIR). Based on the Province's standards, outstanding tax between 10 - 15% of the annual tax levy is seen as a moderate risk indicator of financial health. Below 10% is seen as a low risk indicator. As of December 31, 2022, the Town tax receivables indicator was 5.02%, down from 5.93% at the end of 2021.

D. Analysis

Historical Property Tax Receivable

The table below provides property tax receivable from 2018-2022. 2022 arrears include \$122,719 transferred to the tax roll for utility arrears and unpaid fees and charges from Town departments. The 2022 percentage of tax receivable to tax levied is 0.91% lower than 2021.

	2018	2019	2020	2021	2022
Current	\$1,427,925	\$2,196,623	\$2,240,541	\$1,586,115	\$1,634,935
Year 1	\$631,275	\$604,349	\$582,359	\$579,366	\$445,767
Year 2	\$194,297	\$252,634	\$242,398	\$243,161	\$131,551
Year 3+	\$54,468	\$75,987	\$150,256	\$153,140	\$81,276
Total	\$2,307,965	\$3,129,594	\$3,215,554	\$2,561,782	\$2,293,529
Levied	\$38,601,063	\$39,818,506	\$41,720,886	\$43,164,992	\$45,725,962
% Levied	5.98%	7.86%	7.71%	5.93%	5.02%

Penalty/Interest on Tax Receivable

In 2022, the revenue from tax penalty/interest was \$362,386, up significantly from the 2021 figure of \$285,886, when there was a 3-month waiver. In 2020 there was a 6-month waiver. For reference the 2019 penalty revenue was \$372,093.

Collection Activities

The Tax Billing and Collection 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. Properties where tax arrears are owing back 3 years are eligible for tax registration under section 373 of the *Municipal Act*.

In 2022, there were 2 Tax Registrations commenced which resulted in full payment on one account and a payment arrangement on the other. The tax registration process has been cancelled on both properties.

In 2023, there are 21 properties which are liable for Tax Registration. Staff continue to reach out to the property owners for payment arrangements before proceeding to Tax Registration.

Overdue Property Tax Notices were mailed out in June and November of 2022 to all properties owing \$10 or more. These courtesy reminders are effective for property owners who had forgotten the second instalment of a tax bill. Active collections including phone calls and emails to property owners that are 2 or more years in arrears have resulted in payments or payment arrangements.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders.

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

None.

G. Financial Impacts

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

H. In Consultation With

Ruth Prince, Director of Finance & IT Services / Treasurer

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Amy Moore, Manager of Revenue, amoore@thebluemountains.ca.

J. Attached

None.

Respectfully submitted,

Amy Moore
Manager of Revenue

Ruth Prince
Director Finance & Information Technology Services

For more information, please contact:

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Report Approval Details

Document Title:	FAF.23.043 2022 Tax Receivables Report.docx
Attachments:	
Final Approval Date:	Feb 27, 2023

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Amy Moore was completed by workflow administrator Amy Moore

Amy Moore - Feb 27, 2023 - 3:50 PM

Ruth Prince - Feb 27, 2023 - 3:50 PM