

Municipality of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Financial Services

Information Report

To: Mayor and Members of Council
From: Matt Torrance, MBA, CPA, CGA
Director, Financial Services
Date: March 15, 2021
Re: Taxes and Assessment Adjusted to December 31, 2020

Because of rulings by the Assessment Review Board (ARB) and Rebate Programs implemented under Section 364 of the Municipal Act, tax and interest adjustments were charged as follows:

| | |
|-------------------------|----------------------------|
| Municipal Taxes | \$ 4,629,127 |
| School Boards | \$ 1,369,067 |
| Interest | \$ 6,852 |
| Total Adjustment | <u>\$ 6,005,046</u> |

It should be noted that tax adjustments are not being written off as bad debts. They are being adjusted on account to reflect proper assessments for the reasons listed.

ARB adjustments are done under the Assessment Act and are binding on the Municipality. The Vacancy Program, previously administered by the Assessment Office, is now done by the Municipality. All aspects of this program are dictated by Provincial legislation.

The following summary shows only the net Municipal tax impact without interest or education amounts. Interest write-offs are netted against interest revenues.

| | Actuals YTD | Budget Provision |
|---------------------------------|---------------------|-------------------------|
| Legislated Programs: | | |
| 357 / 358's | \$ 86,853 | \$ 100,000 |
| ARB/ PRAN/ ANA | \$ 3,561,347 | \$ 1,150,000 |
| Vacancy Rebate Programs | \$ 86,539 | \$ 100,000 |
| Charities | \$ 185,306 | \$ 200,761 |
| Legions | \$ 3,278 | \$ 39,718 |
| Tax sale losses | \$ 494,313 | \$ 300,000 |
| Other tax losses | \$ 38,076 | \$ - |
| Capping tax shortfall | \$ 74,877 | \$ 75,000 |
| Subtotal | \$ 4,530,590 | \$ 1,965,479 |
| Council Programs: | | |
| Municipal properties write-offs | \$ 89,903 | \$ 66,272 |
| Capping tax phase-in reductions | \$ - | \$ - |
| Financial Incentive Programs | \$ - | \$ - |
| Subtotal | \$ 89,903 | \$ 66,272 |
| Other: | | |
| Other bad debts written-off | \$ 8,634 | \$ - |
| A/R invoice losses | \$ - | \$ 8,000 |
| Subtotal | \$ 8,634 | \$ 8,000 |
| Total | \$ 4,629,127 | \$ 2,039,751 |

An allowance for doubtful accounts exists on the Municipality's balance sheet to provide against significant losses to which the Municipality may be exposed. Where actuals exceed budget, the allowance provision for tax adjustments may be reduced. There will be no effect on the 2020 budget.

Prepared by:

Reviewed by:

Matt Torrance, MBA, CPA, CGA
Director, Financial Services

Gord Quinton, MBA, CPA, CGA
Chief Financial Officer, Treasurer

Attachments: None

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