

TOWNSHIP OF ADMASTON/BROMLEY  
FINANCE & ADMINISTRATION COMMITTEE

AGENDA

March 2, 2023

At 6:30 pm

1. Call meeting to order
2. Declaration of Pecuniary Interest
3. Approval of Agenda
4. Adoption of Minutes – [August 18, 2022](#)
5. [Budget Review Process – Presentation by Interim Treasurer O'Reilly](#)
6. [Tax Arrears and Tax Sales](#)
7. Next meeting – to be determined
8. Adjournment

TOWNSHIP OF ADMASTON/BROMLEY  
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

**Thursday, August 18, 2022**

**At 6:30 p.m.**

Present – Michael Donohue, Kevin LeGris, Mike Quilty, and Robert Dick.

Staff present – Jennifer Charkavi, Mitchell Ferguson, Steve Visinksi, Jamie Doering, and Meagan Jessup.

Guests present were Darla from Dillon Consulting.

1. Michael Donohue called the meeting to order at 6:30 pm.
2. Declaration of Pecuniary Interest – None.
3. Approval of Agenda – August 18, 2022

**Resolution No. 01/08/2022**

Moved by Robert Dick

Seconded by Mike Quilty

BE IT RESOLVED that the Committee approve the agenda for the August 18, 2022, Finance and Administration Committee meeting as presented this date.  
“Carried”

4. Adoption of Minutes – July 21, 2022

**Resolution No. 02/08/2022**

Moved by Mike Quilty

Seconded by Robert Dick

BE IT RESOLVED that the Committee accept the minutes of the Finance and Administration Committee meeting held:

- July 21, 2022

“Carried”

5. Asset Management Plan – Dillon Consulting Presentation

Darla from Dillon Consulting presented the preliminary report to Council.

After some discussion with committee, the following resolution was passed:

**Resolution No. 03/08/2022**

Moved by Kevin Legris

Seconded by Bob Hall

BE IT RESOLVED that the Finance and Administration Committee receive the draft Asset Management Plan presented by Dillon Consulting.

“Carried”

6. Next Meeting

7. Adjournment

**Resolution No. 04/08/2022**

Moved by: Bob Hall

Seconded by: Kevin LeGris

BE IT RESOLVED that the Thursday, August 18, 2022 Township of Admaston/Bromley Finance and Administration Committee meeting be adjourned 7:20 p.m.

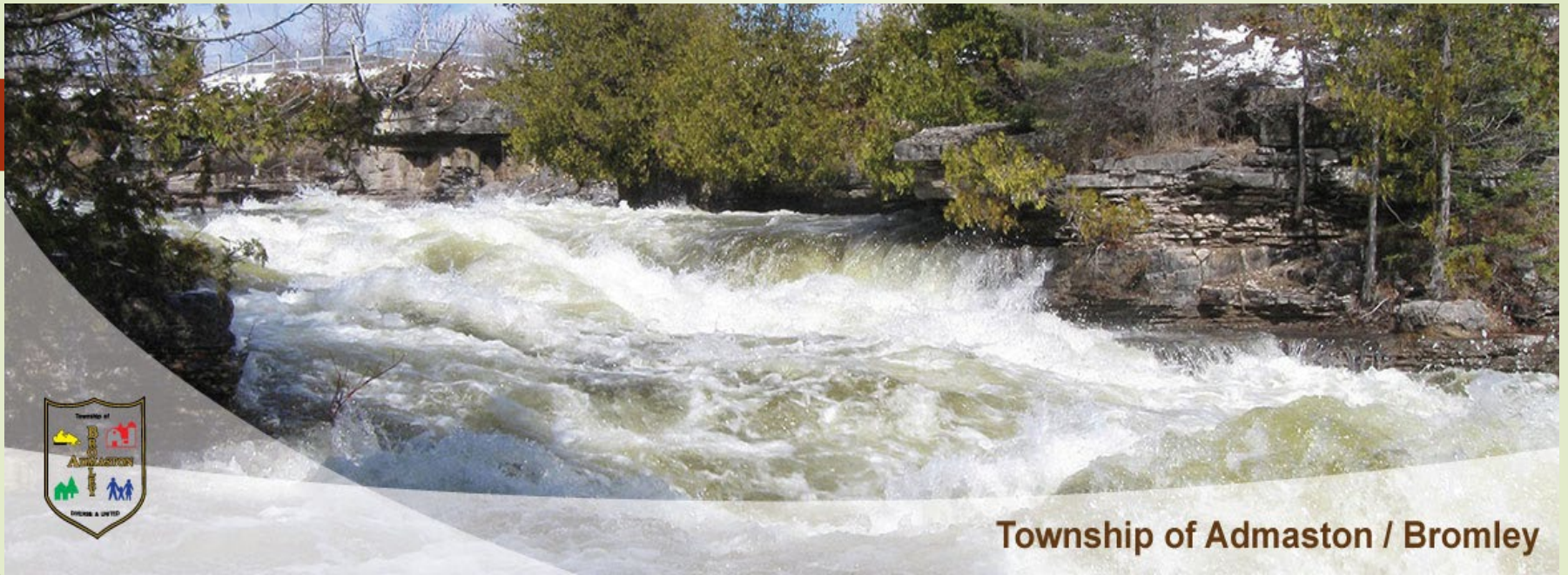
“Carried”

\_\_\_\_\_

Chair

\_\_\_\_\_

CAO/Clerk



Township of Admaston / Bromley

# Introduction to Municipal Budgeting

# Introduction to Municipal Budgeting

## PART 1

- **Legislative Requirement**
- **What is a Municipal Budget?**
- **Budget Process**
- **Operating Budget**
- **Capital Budget**
- **Reserves & Reserve Funds**
- **Debt**

# Introduction to Municipal Budgeting

## Legislative Requirement

Section 290 (1) of the *Municipal Act, 2001*, states:

### Yearly budget, local municipalities

*“For each year, a local municipality shall, in the year or the immediately preceding year, prepare and adopt a budget including estimates of all sums required during the year for the purposes of the municipality ...”*

*Must be a balanced budget!*

# Introduction to Municipal Budgeting

## What is a Municipal Budget

The municipal budget is a planning document that outlines the Township's priorities.

Budget decisions set the funding for the programs and services Admaston/Bromley's residents depend on to maintain their quality of life.



# Introduction to Municipal Budgeting

The Municipal Budget is often a balancing act between competing priorities:

**Providing a high level and broad range of services to residents**

vs.

**What the residents are able to afford**





# Introduction to Municipal Budgeting

## Budget Process

- ✓ allows municipalities to prioritize projects, programs and service levels
- ✓ will determine what expenditures the Township will make during the year, and how those expenditures will be financed (paid for).

# Introduction to Municipal Budgeting

## Budget Process

A municipality's annual budget routinely consists of two main components:

- 1) **Operating Budget**
- 2) **Capital Budget**

# Introduction to Municipal Budgeting

## Operating Budget

The **Operating Budget** is the plan for the day-to-day operations at the Township including salaries/benefits, materials, utilities and supplies.

The **Operating Budget** is largely funded by tax dollars, user fees (e.g. tipping fees), and certain federal and provincial grants (e.g. OMPF).

# Introduction to Municipal Budgeting

## Capital Budget

The **Capital Budget** is the annual plan for the purchase and financing of the Township's capital assets, including: roads, buildings, vehicles and equipment.

The **Capital Budget** is typically funded through property taxes, grants, debt and reserves.

The **Capital Budget** is used to either acquire, build or rehabilitate assets that will last for more than one year.

# Introduction to Municipal Budgeting

## OMPF

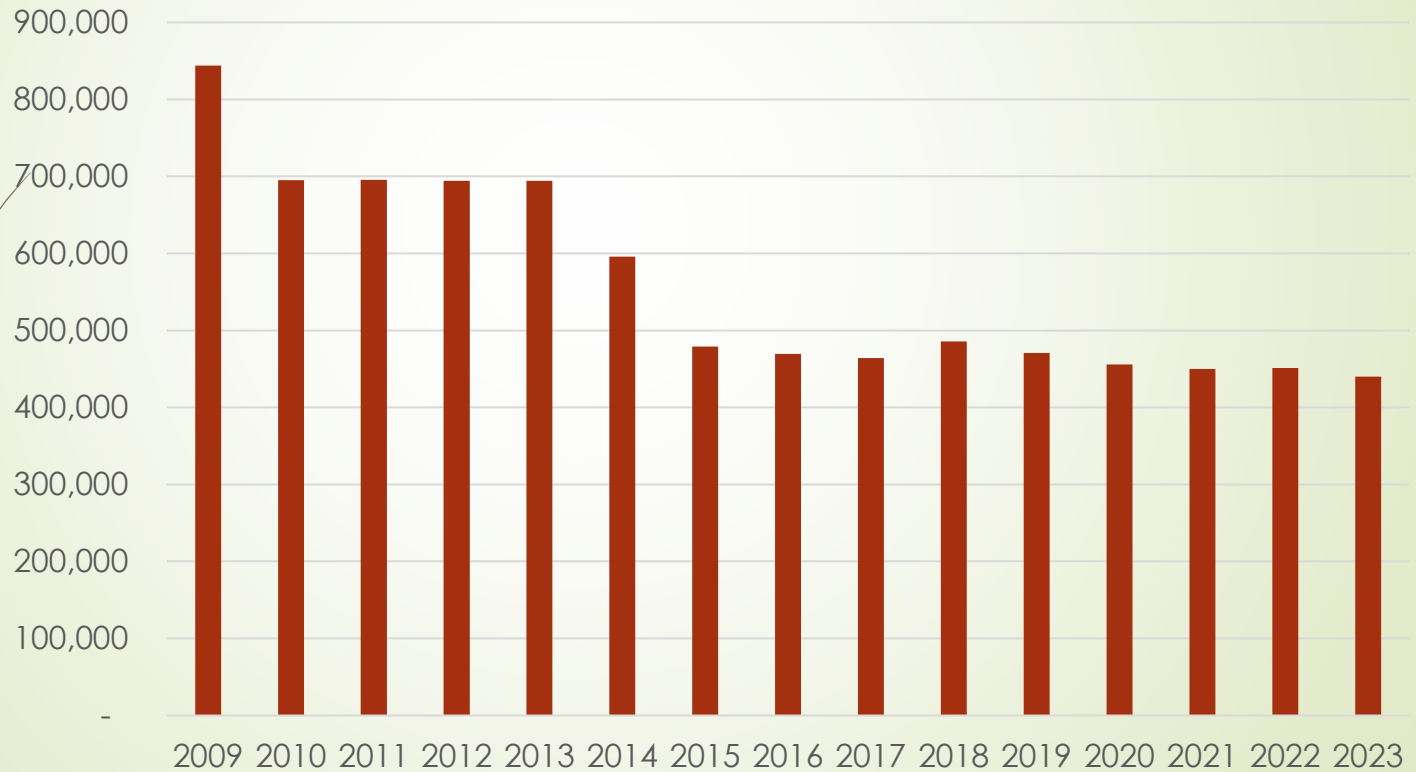
OMPF (Ontario Municipal Partnership Fund) is the Province's main unconditional transfer payment to municipalities, and has been in place since 2005.

Its intent is to address challenges in rural and northern communities through an equalization approach, using various community fiscal health indicators to determine operating assistance to municipalities.

OMPF is a critical provincial funding program for rural municipalities; however, over time, total OMPF funding has decreased, from \$704 million in 2009 to \$500 million in 2023.

# Introduction to Municipal Budgeting

## OMPF 2009-2023



**- 47.9%**

# Introduction to Municipal Budgeting

## Other Budget Considerations

### 1. Reserves and Reserve Funds

Annual contributions from the Operating Budget to assist with creating a solid financial position to support the Township's future cash requirements.

Maintaining sufficient balances in reserves and reserve funds is a critical component of a municipality's long-term financial plan as it strengthens its long-term financial sustainability, helps to minimize fluctuations in the tax rate and provides funding to sustain infrastructure.



# Introduction to Municipal Budgeting

## Other Budget Considerations

### 2. Debt Obligations

Annual principal and interest payments on the Township's long-term debt commitments (debentures) must be provided for in the annual Operating Budget.

# Introduction to Municipal Budgeting

## PART 2

- **Tax Levy**
- **How are taxes calculated?**
- **Tax Assessment**
- **Tax Rates**

# Introduction to Municipal Budgeting

## Tax Levy

Once all the anticipated expenditures and the sources of revenue for the year have been quantified in the Operating and Capital budgets, the shortfall in revenue is the amount that will have to be raised through taxation.

The revenue raised through property taxation is commonly referred to as the **Tax Levy**.

# Introduction to Municipal Budgeting

$$\begin{aligned} &\text{Tax Levy} \\ &= \\ &\text{Assessed Property Value} \\ &\times \\ &\text{Tax Rate} \end{aligned}$$

# Introduction to Municipal Budgeting

## Tax Levy

In 2022, a 1% Tax Levy increase generated additional revenue of

**\$ 24,400**

# Introduction to Municipal Budgeting

## Property Valuation

The Municipal Property Assessment Corporation (MPAC) values real property in Ontario based on real estate market activity (sales)

The Valuation is as of a particular point in time: currently **January 1, 2016**.

The 4-year\* phase-in of assessment increases is designed to protect taxpayers from market volatility.

# Introduction to Municipal Budgeting

## Property Valuation

The program is predictable over the ~~4-year~~ **7-year** period (2017 - ~~2020~~ **2023**).

Decreases are not phased-in – they flow through in the first year of re-assessment to avoid ratepayers being taxed on a value higher than CVA.

Property values are provided to municipalities by MPAC.

Municipalities apply their tax rates to the assessed values to generate their tax levy.



# Introduction to Municipal Budgeting

## Property Classifications

The Classification of a property is based on its use.

There are seven major property classes:

- Residential
- Multi-residential *(none in Admaston/Bromley)*
- Commercial *(includes Office Buildings & Shopping Centers)*
- Industrial
- Pipeline
- Farm
- Managed forests

# Introduction to Municipal Budgeting

## Assessment Growth

***Growth represents assessment increase or decrease regardless of whether market-based reassessment occurs***

***Increases come from new construction, additions, improvements and change in use***

***Decreases come from demolitions, change in use, tax write-offs, etc.***

**All municipalities will see a revenue impact because of growth each year**

# Introduction to Municipal Budgeting

## Weighted Assessment Growth Admaston/Bromley

2022	1.96%
2021	0.71%
2020	0.66%
2019	1.66%
2018	1.43%
2017	1.18%
2016	0.81%
2015	1.05%
2014	0.56%
2013	0.91%
2012	0.98%
2011	1.20%

# Introduction to Municipal Budgeting

## Tax Rates

*A very lengthy discussion for another day!*

**QUESTIONS?**

**Township of Admaston/Bromley**

**477 Stone Road, R.R. #2**

**Renfrew, ON**

**K7V 3Z5**

**E-Mail Address – [info@admastonbromley.com](mailto:info@admastonbromley.com)**

**613-432-2885 Stone Road Office  
613-432-4052 Fax**

**613-432-3175 Stone Road Garage  
613-646-7918 Cobden Road Garage**

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**REPORT**

Date: March 2, 2023

To: Finance & Administration Committee

Re: Tax Arrears and Tax Sales

From: Keray O'Reilly, Interim Treasurer

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**Background:**

Per the 2022 Budget, revenue from taxation accounted for 72.5% of the Township's total operating revenues.

The Township is also the "tax collector" for the County and Education portions of the property tax bills. Payments to the County and the four school boards are based on taxes *billed*, not taxes *collected*.

Despite charging 1.25% interest per month on outstanding taxes, several accounts remain unpaid – with several in arrears for multiple years.

**Discussion:**

Based on December 31, 2022, tax account balances, Township staff issued tax arrears reminder letters to several property owners:

- ✓ accounts where property owners were making regular payments, but still had a small balance owing at the end of the year because they had missed a payment or didn't re-calculate the payment amount when the final tax bills were issued
- ✓ accounts where property owners had not made the final instalment payment at the end of September 2022
- ✓ accounts with arrears for 2021 and prior years

For those taxpayers in the third category above, the letters advised that:

*“under the **Municipal Act, 2001**, a municipality may register a tax arrears certificate against a property that is two years in arrears. This means that as of January 1, 2023, if any part of property taxes for 2021 and prior years remains unpaid as of December 31, 2022.”*

The purpose of the letter was to provide the property owners an opportunity to make arrangements to pay all outstanding amounts owing on or before February 28, 2023, or to enter into a payment agreement with the Township.

The following summarizes the relative “success” of the letters that were mailed out mid-January:

Year	Dec. 31, 2022	Feb. 28, 2023	Change
2022	\$ 106,851	\$ 98,959	\$ (7,892)
2021	49,984	29,076	(20,908)
2020	16,502	8,563	(7,939)
2019 & prior	14,940	15,047	107
Total	\$ 188,277	\$ 151,645	\$ (36,632)

Amount collected = 19.5%
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At this point the only recourse for the Township to collect the remaining tax arrears is the **Tax Sale** process.

Frequently asked questions relating to the process are included in Appendix A to this report: *The Tax Sale Process*.

The following are the steps that the Township would have to follow (ref: *The Municipal Tax Sales Act*)

1. the treasurer prepares and registers a tax arrears certificate in the prescribed form indicating that the lands described therein will be sold by public auction if the “cancellation price” is not paid within one year following the date of registration of the *tax arrears certificate*.
2. the “Cancellation price” is an amount equal to all tax arrears owing at any time, together with current property taxes owing, interest, penalties and all reasonable costs incurred by the municipality after the *tax arrears certificate* has been registered.
3. during the one-year period following registration of the *tax arrears certificate*, any person may have the same cancelled by paying the cancellation price to the

municipality, and where this is done, the treasurer shall register a *tax arrears cancellation certificate* in the prescribed form.

4. if at the end of one year following the registration of a *tax arrears certificate*, the cancellation price remains unpaid and no extension agreement subsists between the municipality and the owner of the land, the land shall be offered for sale by public auction or public tender. If there is a successful purchaser, the *Act* provides that the treasurer shall register a tax deed in the prescribed form in the name of the successful purchaser or in such name as that person directs.

### **Financial Implications:**

Although the Tax Sale process can be time consuming and costly if an outside agency is used, the additional costs incurred can be added to the tax account and recovered when a property is redeemed or sold.

The administration and other charges incurred under the *Municipal Tax Sales Act* are included in the Township's Schedule of Fees By-Law # 2020-52.

### **People Consulted:**

CAO J. Charkavi  
Finance Clerk A. Leclaire  
Finance Clerk M. Jessup

### **Recommendation:**

**BE IT RESOLVED** that the Finance & Administration Committee recommend that Council authorize staff to initiate the Tax Sale process for any properties with tax arrears for 2021 and prior years, unless the property has entered into a Payment Agreement with the Township.



## **The Tax Sale Process – Frequently Asked Questions**

### **Why is the Township selling these properties?**

As per provincial legislation, a municipality may recover unpaid property taxes through the registration of a tax lien in the land registry office and eventually through the sale of the property if the taxes remain unpaid. By the time a property is eligible to have a Tax Lien registered against the property, the property taxes are at least in their second year of arrears.

### **How does the Township sell these properties?**

The Township can sell the property by public tender or public auction. The Township may choose to use an external company to provide support in preparing documents, advice and ensuring compliance with legislation throughout the tax registration and tax sale process. In addition to the legislated advertising requirements, this remains a more economical option to assist the Township in meeting all regulatory requirements while ensuring good market exposure to potential bidders.

### **How long does the tax sale process take?**

In the event the cancellation price is not paid before the expiry of the one-year redemption period, calculated from the date the tax lien is registered, these properties can be disposed of either by public auction or by public tender. Advertisements are published in the local newspapers once a week for four weeks and the Ontario Gazette for one week. The advertisement will also be published on the Municipal website [www.admastonbromley.com](http://www.admastonbromley.com) and on our tax agent's website. The tender opening will occur at least seven days after the date of the final publication of the newspaper advertisement.

### **What does “Cancellation Price” mean?**

The Cancellation Price is an amount equal to all tax arrears owing at any time in respect of land together with all current real property taxes owing, interest, penalties thereon, other land-related costs (such as unpaid water or sewer charges added to the tax account) and all reasonable costs incurred by the Township after the Treasurer becomes entitled to register a Tax Arrears Cancellation Certificate under S371 of the Municipal Act. In this context, “land” means both the physical land as well as any buildings and improvements located on it.

### **Up to What Point can the owner pay the taxes and avoid the sale?**

The owner can pay the “cancellation price” at any time up to the point in which the property is either transferred to the successful tenderer or vested in the Township due to a failed tax sale.

**Who is the legal owner of the property during the tax sale process?**

Up until the time the property is transferred to a new owner or is vested in the Township as a result of a failed tax sale, legal title does not change, and it continues to be held in the name of the current owner.

**Am I able to view and/or tour the property?**

Because the Township does not own the property during the tax sale process, we cannot provide access to view or tour the property. Access without authorization from the owner of the property is considered trespassing.

**What is the condition of the property? What if the property is in poor condition or there is debris or junk on the premises?**

Properties are sold **AS IS**. The Township does not make any representation as to the condition or size of the property. The purchaser is responsible for the removal of any debris, junk, etc. left on the property and any associated expenses.

**What if the property is occupied?**

The Township does not guarantee vacant possession. Please contact a lawyer licensed to practice in Ontario and in good standing with the Law Society of Upper Canada, preferably one who deals with tax sales.

**What happens if the highest qualifying tenderer does not follow through?**

The highest qualifying tenderer's deposit is forfeited to the Township and the property is offered to the second highest qualifying tenderer who has 14 calendar days from being notified by mail to pay the balance owing.

**What happens if the property is sold for more than the cancellation price – what happens to the extra money? What about other parties that might have an interest in the property, i.e., lienholders, creditors)?**

Any monies received as part of the tender that are not required to clear the cancellation price are paid into Court. Parties who have a claim may be able to apply to the Court to access these residual monies to cover their loan or other interest.

**What happens to the property if the Township does not receive any tenders?**

The Township has two (2) years from the date of the failed tax sale to vest the property to the Township or re-advertise the property for sale.