

## Report to Council

**Report Title:** COVID-19 Finance Update

**Prepared By:** Trish Serratore, Chief Financial Officer

**Department:** Finance

**Date:** April 7, 2020

**Report Number:** FIN2020-13                      **File Number:** C11FIN, P03

**Attachments:** ADM Letter to Municipal Treasurers

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### Recommendation:

That the Council of the Municipality of Brockton hereby approves Report Number FIN2020-13 – COVID-19 Finance Update, prepared by Trish Serratore, Chief Financial Officer and in doing so authorizes a By-Law coming forward amending the 2020 Tax Rates By-Law to ratify the decision to waive the penalty and interest charges on property tax bills from April 1, 2020 to June 30, 2020.

### Report:

#### Background:

Over the last few weeks there has been many financial changes for organizations as a result of COVID-19. Staff have provided a summary for council as to what the changes have taken place within the Municipality.

#### Analysis:

#### **Education Property Tax Remittance**

On March 25<sup>th</sup>, 2020 the Municipality received a letter from Allan Doheny, Assistant Deputy Minister. To provide some financial support and relief to residents and municipalities, the Provincial government announced that they will defer the property tax payments that municipalities make to the school boards by 90 days. The following changes have taken place:

1. June levy postponed to September
2. September levy postponed to December
3. December levy will remain unchanged, therefore two payments will be required in December

#### **2021 Reassessment**

The government announced that they will defer the planned property tax reassessment for the 2021 taxation year. This would mean that property assessment for 2021 taxation will continue to be based on the same

valuation date from 2020 taxation year. Municipal Property Assessment Corporation (MPAC) will continue to maintain the assessment roll and ensure that the update is reflective of changes that result from new construction.

### Appeal Deadlines

The provincial government has issued a regulation under the Emergency Measures and Civil Protection Act which suspends the application of limitation periods and related deadlines for the duration of the emergency period. The Request for Reconsideration (RfR) deadline that is usually March 31 of the applicable taxation year will be reinstated 16 days after the emergency declaration is lifted.

### Payroll Incentives

1. **HST remittance** – Typically the Municipality receives refunds each month. We would continue this as per usual.
2. **OMERS** – nothing on their COVID-19 Updates page or on their Plan Change Announcements
3. **WSIB** – We still have to “remit” (i.e. record) the payments monthly but we can defer the payments for March, April, May, June, and July until August 31, 2020.
4. **Manulife** – no updates on changes to billing or any billing relief
5. **EHT Exemption increase** – The Municipality does not qualify as we are government body and do not receive the exemption in the first place

### Waiving Penalty and Interest on Brockton Taxes

On March 26<sup>th</sup>, 2020, the Municipal Emergency Control Group (MECG) discussed the financial implications to the residents of the upcoming tax due dates. Changing the due date was not something that staff could administer at this time, however, the best alternative for the residents of Brockton was to waive the penalty and interest for 90 days. This means that there will be no penalty and interest charged to any unpaid balances for April, May and June. The financial impact of this decision to the municipality are as follows:

- March 31<sup>st</sup> 2020 unpaid balance \$690,147.00
- Approximate Penalty and Interest waived on outstanding balance each month \$12,634.79 (total of \$37,904.37 for 90 days)

Based on the number of concerns received the MECG felt the penalty and interest grace period was necessary step to support the residents of Brockton during this unprecedented time. While I support this measure it is my responsibility to report that the 90 day financial grace period has a financial impact on the municipality by decreasing our cash flow and ability to respond to financial obligations. Many residents took advantage of this offering which resulted in \$690k of outstanding taxes as of March 31<sup>st</sup>. This has a financial impact on the Municipality as we were still obligated to pay our March levy to the County and School Board.

### Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- Do the recommendations help move the Municipality closer to its Vision? N/A
- Do the recommendations contribute to achieving Cultural Vibrancy? N/A

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| • Do the recommendations contribute to achieving Economic Prosperity? | N/A |
| • Do the recommendations contribute to Environmental Integrity?       | N/A |
| • Do the recommendations contribute to the Social Equity?             | N/A |

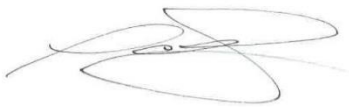
### **Financial Impacts/Source of Funding:**

- Do the recommendations represent a sound financial investment from a sustainability perspective?  
N/A

The COVID-19 pandemic has caused financial hardship for many residents and businesses. The 2020 Interim Tax Bills were issued prior to the COVID-19 outbreak. Staff analyzed various options for providing cash flow assistance to property taxpayers. By waiving the penalty and interest on the March and May tax installments, the municipality is providing some financial relief to residents by postponing their required tax payments until June 30<sup>th</sup>.

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### **Respectfully Submitted by:**



Trish Serratore, Chief Financial Officer

### **Reviewed By:**



Sonya Watson, Chief Administrative Officer