



Regular Council Meeting

To:	Mayor and Council
Date:	April 20, 2020
From:	Kimberley Pope, Finance Department
Report Number:	Finance 2020-05
Subject:	COVID-19, Waiving of Penalty/Interest Charges and lost Revenues

Recommendation:

That Council receive this report for information purposes.

Overview:

The Township of Cavan Monaghan activated the Emergency Response Plan through the Municipal Control Group on Friday, March 13, 2020 and has met frequently since that date. At the Council Meeting of March 16, 2020, Council delegated authority to Yvette Hurley, CAO and Kimberley Pope, Director of Finance/Treasurer to waive user fees and charges during the COVID-19 Pandemic. The public statement communicated through the municipal website and social media forums is as follows;

“The Municipality will waive all late payment penalties for any invoices due during the COVID-19 municipal office closure timeline. Cash payments will not be accepted. All other regular payment options remain available at this time”.

On March 23, 2020 the County of Peterborough made a decision to defer any interest and penalties up to May 31, 2020. The Province released the 2020 Provincial Economic and Fiscal Update and Ontario’s Action Plan: Responding to COVID-19 on March 25, 2020 which provides a 90-day deferral of the quarterly education property tax remittance to school boards.

Mayor McFadden declared a State of Emergency for the Township of Cavan Monaghan, effective Thursday, March 26, 2020 to reinforce the need for residents to take necessary precautions to reduce the impacts of the present COVID-19 pandemic. This decision followed declarations made by the Province of Ontario, The City and County of Peterborough and other local municipalities.

The CAO & Director of Finance continue to support the waiving of all late payment penalties during the COVID-19 closure, and in support of the 90-day deferral up to and including May 31, 2020 in the event the municipal office re-opens to the public prior to this date.

Financial Impact:

On April 1, 2020 the municipality experienced a revenue loss of \$25,620 for the waiving the late payment penalties. In comparison, the late payment penalty/interest revenue of \$18,150 was billed in April 2019. Historically, over the past three years, the average penalty/interest payment penalties were \$14,000/month (property taxes) and \$2,000/month (water & wastewater). In addition, the Parks & Facilities department have estimated a \$35,000 loss in rental revenues due to the closures at the CMCC, Old Millbrook Arena, Old Millbrook School and the Municipal Office.

The late payment penalty revenues are part of the annual Operating Budget which offset the following expenses, such as; allocated wages for tax collections and arrears, bailiff and tax sale administration, notices, postage/courier fees, and tax rebates (vacancy, charity, senior/low income, disabled and credit supplementals).

Any excess penalty and interest revenues at year end are carried forward as an operating surplus to mitigate the future municipal tax rate or transferred to the water and wastewater reserves to mitigate future utility rates, where applicable.

Respectfully Submitted by,

Reviewed by,

Kimberley Pope
Director of Finance/Treasurer

Yvette Hurley
Chief Administrative Officer