



## Regular Council Meeting

<b>To:</b>	Mayor and Council
<b>Date:</b>	June 15, 2020
<b>From:</b>	Kimberley Pope, Finance Department
<b>Report Number:</b>	Finance 2020-14
<b>Subject:</b>	COVID-19, Waiving of Penalty/Interest Charges and loss of Revenues (April 1 to June 30, 2020)

### Recommendation:

That Council receive this report for information purposes.

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### Overview:

The CAO & Director of Finance continue to support the waiving of late payment penalties during the COVID-19 closure and, in support of the stages of the province's reopening plan, to extend the waiving of late payment penalties up to and including August 31, 2020.

The Township of Cavan Monaghan activated the Emergency Response Plan on March 13, 2020, Council delegated authority to the CAO and Director of Finance/Treasurer to waive user fees and charges during the COVID-19 Pandemic on March 16, 2020 and Mayor McFadden declared a State of Emergency for the Township of Cavan Monaghan on March 26, 2020 to reinforce the need for residents to take necessary precautions to reduce the impacts of the present COVID-19 pandemic.

The Municipality continues to 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.

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

### Financial Impact:

The municipality has experienced a total revenue loss of \$128,857 between April and June of 2020, for the waiving the late payment penalties and loss of rental revenues.

- \$62,562 Penalty & Interest on Property Taxes
- \$11,965 Water and Wastewater Penalty Fees
- \$54,330 Parks & Facilities Rental Revenue Losses

Historically, over the past three years, the average penalty/interest payment penalties were \$14,000/month (property taxes) and \$2,000/month (water & wastewater).

The Parks & Facilities department have estimated the loss in rental revenues based on cancelled hours/bookings due to the closures at the CMCC, Old Millbrook Arena, Old Millbrook School and the Municipal Office. In addition, the budgeted revenue targets for field rentals are not expected to be fulfilled due to the inability to accept bookings for soccer and baseball this summer season.

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). The rental revenues are included in the annual Operating Budget to offset the operating costs of the municipal parks & facilities.

Any excess penalty, interest and 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