

**THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS**

**STAFF REPORT**

**DATE:** April 6, 2021  
**TO:** Committee of the Whole  
**FROM:** Rhonda Whitmarsh, Treasurer  
**SUBJECT:** **Write off of Uncollectible Taxes**

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**RECOMMENDATION:**

**THAT Committee of the Whole recommends that Council write off taxes on five (5) tax accounts as uncollectible per the Treasurer's report dated April 6, 2021;**

**AND THAT that any future tax arrears on the five (5) tax accounts continue to be written off annually as uncollectible.**

**BACKGROUND:**

From time to time there are tax accounts that are uncollectible for various reasons and conducting a tax sale is not recommended as the Municipality does not wish to take over ownership of these properties. Any taxes deemed to be uncollectible may be written off and the taxes that are applicable to the County and School boards can be recovered at year end per Sections 353 (3) (b) and 354 (2) (a) of the *Municipal Act*.

In preparation for the year end audit, the Municipality reviews what is termed an "allowance for uncollectible taxes". This represents the possible amount of write off that will be required after reviewing the tax arrears of the Municipality and considering those that will likely not be recovered by payment from the owner or by conducting a tax sale. The allowance when established is considered an expense of the Municipality so that when the write off actually occurs, usually at a later date, there are no further financial implications to the Municipality.

**DISCUSSION:**

At the present time, there are five (5) properties that are deemed to be uncollectible. In all five cases, there has been no contact with the property owner. One of the properties is land locked and in an environmental protection zone meaning that no building could occur on the property and there is no road access. Three of the properties are under the same ownership and are very small irregular parcels that would not serve a viable purpose. The last property is also land locked with no road access. In all five cases, a

tax sale is not recommended as it is unlikely the properties would sell and additional costs would be incurred unnecessarily. The Municipality has no need for these properties so taking over the ownership is also not recommended.

The Municipality is able to recover the taxes that were billed to the school boards and the County of Lanark. Municipal taxes, all penalties and interest and any invoices added to taxes are included in the total write off for the Municipality as follows:

Property #	Municipal Taxes	County Taxes	School Taxes	Invoices added To Taxes	Penalties & Interest	Total Arrears estimated at April 6/21
1	1,095.65	778.61	409.74	1,902.26	549.43	4,735.69
2	1,259.84	895.29	471.15	978.83	857.86	4,462.97
3	4,581.20	3,272.90	1,862.57	804.99	9,815.88	20,337.54
4	5,581.81	3,987.42	2,266.46	804.99	12,664.19	25,304.87
5	4,390.16	3,136.41	1,784.84	804.99	9,689.58	19,805.98
	<b>16,908.66</b>	<b>12,070.63</b>	<b>6,794.76</b>	<b>5,296.06</b>	<b>33,576.94</b>	<b>74,647.05</b>
					County taxes to be recovered	- 12,070.63
					School taxes to be recovered	- 6,794.76
					<b>Balance to be written off</b>	<b>55,781.66</b>

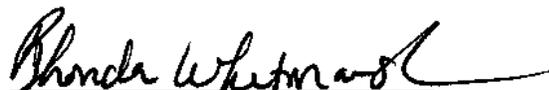
**FINANCIAL IMPLICATIONS:**

At December 31, 2020, the allowance for uncollectible taxes is \$94,900.00. Writing off the Municipality’s share of uncollectible taxes on the five properties of \$55,781.66 will leave a balance of \$39,118.34. There are no implications to the 2021 budget as a result of these write offs as the expense to establish the allowance for uncollectible taxes occurred in previous years.

**SUMMARY:**

It is recommended that the tax arrears on five (5) tax accounts be written off as uncollectible in 2021 and that any future tax arrears balances also be written off annually if they remain outstanding at year end.

Respectfully submitted by,

  
Rhonda Whitmarsh  
Treasurer

Reviewed by:

  
Ken Kelly,  
CAO