Appendices

Appendix A

Accounting for Tax Enforcement

To assist in the completion of the required forms an example using the imaginary Village of Wheatfield with the following taxes outstanding as of January 1, 20YY has been prepared.

Taxes in Arrears:

Lot 3 Block 5, Plan 65R02290, Extension 0	$820.00
Lot 7 Block 6, Plan 65R02290, Extension 0	$345.10
Lot 5 Block 8, Plan 60R09982, Extension 0	$987.27
Lot 22 Block 12, Plan 69R01346, Extension 0	$149.15

Within the examples as prepared, we will follow Lot 3, Block 5, Plan 65R02290, Extension 0 through from the presentation to the council of the list of lands in arrears, to the transfer of the title to the municipality.

Calculations are based on a taxable assessment of $32,800 with a millrate of 10 for municipal and 15 for school purposes. Penalty for tax arrears is 10%.

With respect to Lot 22, Block 12, Plan 69R01346, Extension 0 within the example, the tax lien was filed was filed and then withdrawn following payment of the arrears outstanding.

For All Offices

Cash Payment Entry – to record expenses as they occur

Telephone Expenses	DR
Postage Expenses	DR
Legal Expenses (Title Transfer, etc.)	DR
Bank	CR

Cash Receipts Entry – to record payment of expenses at time of redemption or sale.

Bank

*Individual Accounts

*Credit Individual Accounts if the payments were received in the same year that the expenses were incurred.

For Offices with General Ledger

Journal Entry

*Tax Enforcement Costs	Dr
Telephone Expense	Cr
Postage Expense	Cr
Legal Expenses	Cr

To transfer Tax Enforcement Costs

Re Lot ; Block ; Plan ;Title No.

Sec ; Twp ; Rge ; W Meridian; Title No.

Surplus	Dr
Tax Enforcement Costs	

To close expense account at year end.

*Note: Tax Enforcement Costs will be an additional Chart of Account under General Government Services.

Final Accounting Entries for Transfer of Property to the Municipality

General Journal

Operating Fund

March 25, 19XX

Tax Title Property	$4197.36
Municipal Taxes Receivable	$1685.65
School Taxes Receivable	$2511.71
Due to School re Uncontrolled Taxes	$2511.71
Due to School re Tax Enforcement	$2511.71

To record the transfer of Lot 3, Block 5, Plan 65R02290, Extension 0 to Tax Title Property.

Accounting for Disposal of Tax Title Property

1. Sold for the exact value

Bank	$4197.36
Tax Title Property	$4197.36
Due to School re Tax Enforcement	$2511.71
Due to School re Tax collection	$2511.71

2. Sold for Profit

Bank	$5000.00
Tax Title Property	$4197.36
Profit on Tax Title Property	
Sold	$802.64
Due to School re Tax Enforcement	$2511.71
Due to School re Tax Collection	$2511.71

3. Sold at a Loss

Bank	$3500.00
Allowance – Tax Titled Property	$280.06
Due to School re Tax Enforcement	*$417.30
Tax Title Property	$4197.36
Due to School re Tax Enforcement	*$2094.41
Due to School re Tax Collection	$2094.41

Note: To determine the prorated values, use the following formula

Due to School re Tax Enforcement Property) Tax Title Property = Prorated Factor

(2511.71) 4197.36 = 59.8402%)

Prorated Factor x Property Sale price less costs = Due to School re Tax Collections

(59.8402% x 3500.00 = 2094.41)

*Due to School re Tax Enforcement Property must equal $2511.71, when sold at a loss ($417.30+$2094.41).