

Budget Increases, Percentages & Comparing Apples To Apples

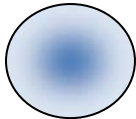
The HCM budget is set in late February or early March using the previous year's data and best estimates before the audit process is complete. These estimates are obtained from a variety of sources including special programs, grants or projects; policing contract estimates; COLA and step increases; and to up to date statements of revenues and expenses. Contingencies in the form of the working capital reserves are in place to deal with deficits or surpluses only known after the audit is complete late May.

I would like to explain why the 2010 – 2011 tax increase was reported as 18%.

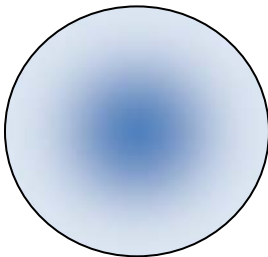
Municipality	Budget (Approximate)	Tax rate	taxes / \$100,000 value
HCM	\$ 1 million	.00221217	\$221
LH	\$5.7 million	.00749441	\$749
DR	\$7.4 million	.01027309	\$1027

Graphic Explanation

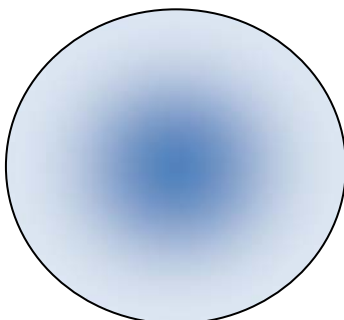
This may be difficult to understand when you're just looking at numbers. Think of the municipalities as three different sized pizzas.



Head Clara Maria - \$1 million annual budget



Laurentian Hills – \$5.7 million annual budget



Deep River - \$7.4 million annual budget

If you were to receive 10% of any of these which would you choose to ensure you were getting the largest amount? Same thing when you consider tax increases. A 10% increase of the smaller amount is a lot less than the same % increase of the larger amount. Comparing percentages does not give an accurate picture.

Our taxes are the lowest in the county. Deep River's are the highest with Laurentian Hills somewhere in between. You can not compare our percentage tax increase to other area municipalities because all things are not equal; assessments, rates, ratios or classes.

Percentage Increase	Budget	Proceeds
7.9%	\$1,000,000	\$79,000
7.9%	\$5,700,000	\$450,000
7.9%	\$7,400,000	\$584,000

No comparison.

Budget	Increase Needed	Percentage Increase
\$ 1,000,000	\$40,000	4%
\$5,700,000	\$40,000	.71%
\$7,400,000	\$40,000	.54%

In each case you are still raising only \$40,000 more no matter what the percentage is. You need to consider this when comparing increases.

There is no way a true comparison using percentages can be used. That is why we use a comparison of taxes per \$100,000. This way you can truly see what you are paying compared to other areas; a comparison of apples to apples.

Municipality	2010 taxes / \$100,000 property value (residential rates)
Head, Clara & Maria	\$221
Laurentian Hills	\$749
Deep River	\$1027

As for the actual tax increases...

The 18% tax increase quoted was a year over year increase of Head Clara & Maria's rate using 2010 data in the residential class only in order to raise the funds required for HCM purposes. **It is not the final increase to anyone's tax rate it is 18% of only 15%**

of your tax bill.

The 7.8% increase (OPTA) includes the changes to the county rate, education rate, assessment values, tax ratios etc. and is the actual residential increase for 2011 and is the amount that your taxes will increase for 2011.

After all the variables are known, the 2011 residential tax rate will increase by 7.8%. The total tax rate will increase by 2.9%. Please make sure you understand the percentages and rates being quoted when making comparisons in order to get an accurate picture.

Actual Budget Numbers

As you can see from the working document that you have received, although a small number of accounts have decreased in budgeted to actual expenses for 2010 most are expected to increase for 2011. Some comments as reported in the NRT were not entirely accurate, or while accurate, did not tell the whole story.

From the Revenue side...

1. The Ontario Municipal Partnership Funding has decreased by \$17,500 for 2011.
2. It is anticipated that Railway Right of Way will decrease by at least \$5,000.
3. Recycling revenues are down by \$4,000.
4. MMAH funding is expected to decrease by \$1,000.

These items alone indicate a reduction of revenues for 2011 by \$27,500.

From the Expenses side...

1. Council honorariums are expected to increase by \$5,000.
2. Although our staff are still the lowest paid in the area and within comparable sized municipalities salaries are to increase by nearly \$27,000 for 2011 (in part to compensate staff for lower than fair compensation over the past number of years).
3. Waste Management studies and expenses are to increase by over \$40,000 (annual reports are due this year).
4. Policing costs are expected to increase by \$7,000 over 2010 numbers for 2011.
5. Budgeted funds put towards reserves for future needs total \$48,390. (The current target reserves number is quite conservative and needs to be reviewed and likely adjusted upwards.)

The specifics are included in the working document report which you have been provided with and is available on-line but this is the short version.

An example Using Real HEAD, CLARA & MARIA Properties for 2011...

The following example uses real average properties within HCM to show the actual changes from 2010 to 2011 taxes owing. The first example has no change in assessment. The second and third have minor assessment changes.

Depending on where you live and what you've done to your property over the past year (or two) your increase may be more. This is due to your increased assessment, not specifically your increased taxation.

2010 Current Value Assessment	2011 Active Current Value Assessment	CVA Percent Change	2010 Total CVA Taxes	2011 Total CVA Taxes	Total Tax Change	Total Tax Percent Change from 2010 to 2011
\$124,000	\$124,000	0.00%	\$1,085.71	\$1,087.42	\$1.71	0.20%
\$88,500	89,750	1.40%	\$774.88	\$787.06	\$12.18	1.60%
\$93,489	93,745	0.30%	\$818.57	\$822.1	\$3.53	0.40%

But I don't get the same things that Deep River does...

Maybe not but you do get:

- ⊘ Roads, maintenance, grading, snow removal, drainage, brushing etc.
- ⊘ Policing – OPP contract
- ⊘ Library – up to date with current access facilities – internet access and communications
- ⊘ Emergency services – fire, ambulance, emergency planning – some through HCM some through the county
- ⊘ Solid waste and recycling – door to door collection; management as per MOE, monitoring of sites, closure and post-closure maintenance and reporting
- ⊘ By-laws, rules for community, legislative and administrative governance
- ⊘ Economic Development activities
- ⊘ Health Services – Physician recruitment, participation in area Board of Health
- ⊘ Recreation, Parks, Community Centre, Boat launches
- ⊘ Planning and Zoning – some provided by us, some by the county
- ⊘ Budgeting – long range outlook, culverts, vehicles and buildings to be replaced in X years,
- ⊘ Explanation of services for other government programs and services - MPAC – responsibility for explanations as to how/why they evaluate properties, provide us with information so that we can answer questions from the public;
- ⊘ Individual Community Identity
- ⊘ Social services – through the county

A large number of services are mandated by the province and have to be provided, even if we are a small municipality.