

Request for Decision - United Townships of Head, Clara & Maria Municipal Council

Type of Decision									
Meeting Date	Friday, March 24, 2017				Report Date	Friday, March 17, 2017			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed
Budget Considerations Report #24/03/17/1001									

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Subject: Options for Council consideration for the 2017 budget.

RECOMMENDATION:

Draft budget proposal for 2017. The following represents staff proposals for Council’s initial consideration based on council decisions and direction over the past year.

Resolution #1

WHEREAS the following projects were budgeted for in 2016 but not finished, and with software challenges not transferred to deferred revenue prior to 2017 year end;

THEREFORE BE IT RESOLVED THAT the Council of the United Townships of Head, Clara & Maria does hereby authorize staff to allow funds allocated to 2016 projects to roll into 2016 annual surplus to be used for pre-approved projects in 2017 totalling \$23,324 including:

1. Emergency Management Generator - \$15,000;
2. \$750 – installation of play equipment OMP
3. \$1,000 Trans Canada for Homecoming
4. \$1,000 LaCroix Park monument repair
5. \$3,203 Remainder from Council commitment to Homecoming for 2016
6. \$2,371 2016 Homecoming earnings.

AND FURTHER THAT staff transfer \$6,000 to Reserves effective December 31, 2016 to account for budgeted process of hard wiring computers which will be completed with the 2017 addition.

Note* Originally \$30,000 was allocated for the generator from the audited surplus, in error. If that were reversed, by half even, there would be no deficit. \$15,000 could be allocated to the generator from deferred revenue and for 2017 \$15,000 could be removed from Em/Mgmt. Reserves to purchase and install the generator as planned.

Resolution #2

WHEREAS projects which rely on funding from outside resources completed in 2016 with funding still owed to the municipality are to be directed to “Deferred Revenue” to roll over the year end;

THEREFORE BE IT RESOLVED THAT the Council of the United Townships of Head, Clara & Maria does hereby authorize staff to transfer to Deferred Revenue effective December 31, 2016 \$32,552 to include:

1. \$3,203 – Natural Playscape installation;
2. \$11,589 – boat launch revenues not yet received
3. \$17,760 to Gas Tax funds.

Resolution #3

WHEREAS new accounts are being created with the new software requiring profits of the Recreation Committee to be identified as such and not simply as annual surplus;

THEREFORE BE IT RESOLVED THAT The Council of the United Townships of Head, Clara & Maria does hereby authorize staff to transfer \$19,851 from general revenues/surplus to be allocated to a newly created Rec Committee Reserve to show accumulated Recreation Committee profits up to December 31, 2016.

Resolution #4

WHEREAS an internal staff error occurred in 2016 allocating \$88,155.68 of estimated, unaudited surplus in the 2016 budget and then allocating that same amount a second time with resolution #13/05/16/007 resulting in inaccurate accounting for the 2016 operating year;

AND WHEREAS some of those funds were spent on council authorized projects such as purchase of the disposal site bins;

AND WHEREAS to correct that error funds need to be reversed from the reserves they were placed into at that time to allow for normal operating funds for 2016 and 2017;

THEREFORE BE IT RESOLVED THAT the Council of the United Township of Head, Clara & Maria does hereby authorize staff to transfer back to general revenues effective December 31, 2016 the following reserves totalling \$46,400:

1. \$2,000 Elections;
2. \$6,350 IT;
3. \$5,000 Disposal Site Vehicle;
4. \$10,000 Roads truck;
5. \$6,000 Gravel Crushing;
6. \$8,050 Garage Replacement;
7. \$9,000 Garage Repair/Maintenance.

Resolution #5

It is staff recommendation that Option #3 be adopted by Council.

WHEREAS the Council of the United Townships of Head, Clara & Maria has reviewed the supporting documents and options recommended for setting the total operating budget for 2017;

THEREFORE BE IT RESOLVED THAT the Council of the United Townships of Head, Clara & Maria does hereby agree to utilize option number ____ and directs staff to insert the corresponding budget total into a by-law prepared for the next meeting of council so that it may be formally adopted.

Background/Executive Summary:

General

A municipal budget is a best estimate of revenues and expenses required to cover all operating and capital costs for any period, in our case one year. Unforeseen issues will arise which will affect both revenues and expenses. Total expenditures to December 31, 2016 have been calculated with some year-end adjustments still to be processed as per the municipal auditor.

Staff have attempted to determine basic operating expenses for 2017 based on Council, staff and public expressions of wishes and interests, strategic planning, the municipal asset management plan and Council policy. This budget is provided for Council review and approval.

HCM has no debt and has reserves totalling **\$ 1,190,178 less \$154,639** which is being used for projects for 2017 already approved by Council and a further proposed reduction of \$286,239 if the proposed budget is adopted. Assuming Council adopts the above resolutions, there is a minimal surplus for 2016 of \$2,319.

Budget Considerations

The budget meets expenses and current demands by utilizing reserves dedicated to special projects and transition reserves to offset increased costs of policing and decreased Municipal Partnership funding. It includes a municipal tax rate increase.

The following chart explains known provincial increases and/or decreases in traditional revenue and expense sources outside of Council or staff control. For 2017 we will realize a net decrease of provincial support of **\$9,100**. In 2016, a Transition Funding Reserve was created to offset these increased expenses and reduced funding. It currently has \$90,000 which is being recommended for use in this budget.

Year	Power Dam Payments Decrease	Ontario Provincial Police Contract Increase	Ontario Municipal Partnership Fund Decrease	Assessment Phase In Increase	Special Funding Increase	Total Effect
2014	Deferred by Province for 2015	14,320	19,300	13,451	25,000	+\$4,831
2015	Not to change!	28,641	21,528	14,208	25,000	-\$10,961 year over year change
2016	No change!	42,961	31,139	15,000	50,000	-\$9,100 year over year change
2017	*It must be noted that special funding is specific to roads special projects, not regular maintenance. Funds for policing etc. must come from general revenues.					

New for 2017

The current budget includes funding for special programs and projects, most of which include contributions from provincial and federal grants. The following list shows grant funding.

1. \$20,000 Ontario 150 Homecoming
2. \$900 Federal funding for Canada Day
3. \$50,000 for special roads projects, Ontario Community Infrastructure Fund
4. \$10,884 New Horizons for Senior's Programming
5. \$8,000 Ontario Senior Secretariat Programming
6. \$2,400 Ontario Student Experience Program
7. \$1,985 Canada Summer Student Program
8. \$17,349 Canada 150 – Washrooms at Old Mackey Park
9. \$5,800 Ontario 150 Capital for Ball Diamond Improvements.

Options for consideration

- 1) Option #1 is based on 2016 actual tax rates with 2017 Current Value Assessment for properties and Payments In Lieu of Taxes.

- a) This option leaves a surplus for 2017 of \$13,700 and is based on revenues required from taxation of **\$476,421** and is a decrease of 2.69% or \$6.80 per \$100,000 value over the previous year (the only increases are those being realized from increases in assessments and growth.)
- 1) Option #2 meets current needs and is based on revenues from taxation of **\$486,421**.
 a) It is a decrease of .70% or a **reduction of \$1.64** per \$100,000 assessed value and leaves **\$23,700** for Council allocation as per the suggestions above.
- 2) Option #3 meets current needs and is based on revenues from taxation of **\$496,421**. This option would increase taxes of 1.4% or **\$3.52** per \$100,000 of assessed value and results in an estimated surplus for 2017 of \$33,700.

Actual tax rates for 2008 – 2016 with suggestions for 2017.

Year	HCM Estimated Residential Rate	Amount taxes per \$100,000	Increase/decrease over previous year	% increase/decrease in taxes/\$100,000 value	Extra Funds Raised	Total Taxes Raised for Municipal Purposes	Total Budget
2011	0.00262066	\$ 262.07	\$40.85	18.47%		\$424,543	\$781,898
2012	0.00273903	\$273.90	\$11.83	4.52%		\$462,654	\$776,104
2013	0.00262343	\$262.34	\$(11.56)	(4.22)%	(\$20,000)	\$453,568	\$969,353
2014	0.00262343	\$262.34	\$0	-	\$0	\$467,019	\$839,269
2015	0.00252585	\$252.59	\$(9.75)	(4.49)%	(\$21,569)	\$458,371	\$895,139
2016 Actual	0.00252585	\$252.59	\$0	-	\$0	\$472,580	\$1,020,947
2017 Option #1	0.00245786	\$245.79	\$-6.80	-2.69%	\$0	\$476,421	13,700
2017 Option #2	0.00250946	\$250.95	-1.64	-0.67	\$10,000	\$486,421	\$23,700 surplus
2017 Option#3	.00256106	256.11	3.52	1.40%	\$20,000	496,421	\$33,700 surplus

Important

Note: The above chart explains the HCM rates only; it does not include the Education and County rates of your taxes. Depending on the Provincial Education Rate, the County tax rates and tax ratios set by the County, the actual HCM Residential rate may fluctuate slightly. These are numbers and ratios that HCM has no control over. The above estimate is simply being used as a tool to set the operating budget for 2017. Changes to the other rates mentioned above may ultimately affect or change the actual residential rates to be set later in June.

¹ The actual tax rate for residential properties as calculated by OPTA the Ontario Property Tax Association software, was 0.00245786 slightly lower than the one used for 2016 calculations by staff as shown above. The 2017 estimates will reflect that actual rate.

Staff Recommendation

Staff have discussed the various options and feels comfortable recommending **Option #3**, keeping tax rates at the same level assuming that all other things remain the same.

The budget resulting from option #3 meets demands offers some cushion for cost overruns in the addition/renovation. Since we are relying on transition reserves, it is recommended that this increase, which is only \$3.52 per \$100,000 property value is made.

Growth in development and the corresponding increased taxation is reflected in increased assessment value. Increases for 2017 should not amount much more than an additional \$2,000 in revenues.↵

Why Did Overall Budget Increase

The cycle of specific/tied apron strings grants and unspecified grants continues. The Ontario Municipal Partnership Fund was a non-specific fund which allowed municipalities to spend where they felt was best for their municipality. It has been decreasing year over year for the past 4-5. Instead, with crumbling infrastructure country wide, both the federal and provincial governments are investing in infrastructure in various categories.

With Ontario and Canada's 150th, funds are also being invested in celebrations. HCM took advantage of opportunities and applied for various grants. This has resulted in a higher than average budget for 2017 for special one-off projects as detailed in the definition column of the budget document.

Additional overall budget increases are due to the Recreation budget of which only \$4,000 for Canada Day is contributed by Council. The remaining funds are profits from past years, and estimated revenues from 2017 events.

Public Meeting

With diminished attendance at budget public meetings, (only one resident attended in 2014, not held in 2015) it is staff recommendation that there not be a public meeting for 2017. Instead, the budget will be shared on-line and through social media to reach more people with an invitation to submit constructive feedback via email or phone to staff and/or Council members hoping for increased input. People just don't appear to want to come out.↵

Attachments

The proposed Recreation Committee budget, current reserve sheet and deferred revenue sheets have been provided for your reference. Specific expenses and revenues are listed on the Detailed Budget Working Document attached. Due to software problems, the Recreation Committee has not had an opportunity to review or suggest amendments to the proposal. The Rec Committee budget balances itself without funds from Council.

Financial Implications/Budget Impact:

As per the Municipal Act, this report and the accompanying budget worksheet provides information to Council to direct staff in the creation of a by-law setting the budget for the 2017 operating year. A draft budget has been created for Council approval, or should council prefer, the by-law could be brought back for the next meeting following further public circulation of the draft documents.

Other's Consulted:

Gayle Watters, Administrative Assistant and Rec Committee Co-chair; HCM Recreation Committee; Noella LeBreton, Treasurer; Crystal Fischer, Administrative Assistant Wilfred Lamure, Road Super; Bill Donnelly, Municipal Maintenance Worker

Approved and Recommended by the Clerk

Melinda Reith,

Municipal Clerk

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