

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

Type of Decision									
Meeting Date	Friday, November 22, 2013				Report Date	Thursday, November-21-13			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed
Budget Considerations Report #22/11/08/1203 - B - updated - 11:00 a.m.									

Subject: Options for Council consideration for the 2014 budget.

RECOMMENDATION: That Council approve the following resolution authorizing staff to insert the required budget total into the budget by-law at the meeting of December 8, 2013.

WHEREAS the Council of the United Townships of Head, Clara & Maria have reviewed the options available for setting the total operating budget for 2014 and are cognizant of concerns of rate increases by members of the public;

AND WHEREAS a public meeting will be held on Saturday, November 30, 2013 to explain the 2014 budget and to receive comments and concerns from members of the public;

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 total into the budget by-law so that it may be formally adopted at the next meeting pending public consultation.

Background/Executive Summary: It is a given that no one ever wants their taxes to increase, for any reason. It is to be understood that the municipal budget is a best estimate of revenues and expenses to cover all costs for any year. Unforeseen issues will arise which will affect both revenues and expenses. Total expenditures to December 31, 2013 have been estimated based on history.

Staff have attempted to determine basic operating expenses based on Council, staff and public expressions of wishes and interests. This budget is provided for Council review and approval.

HCM is once again in the enviable position of having a large (unaudited) surplus in 2013 due in a large part to:

- Increased PILs;
- back taxes paid up to date due in part to an improved reminder system;
- funds allocated to projects and removed from reserves which came in under budget; and
- the conscious efforts of staff to work towards cost reductions and savings.

Further, HCM is set to realize increased revenues in 2014 due to:

- Natural phase in of 25% of 2012 re-assessed property values for 2013 amounting to approximately \$13,182 for a total of \$468,199.

HCM has no debt or deficit and has reserves totalling \$868,522. We are not in the same financial position as the provincial or federal governments and therefore do not need to operate under the same fiscal constraints such as frozen wage hikes etc. Comparing HCM to other municipalities and/or the provincial or federal governments is like comparing apples and grapefruits.

When comparing 2009 funds from taxation and 2014 funds from taxation it must be recognized that the OMPF is being phased out and has been reduced over those five years from \$219,000 to 2014's \$119,600. Although it may be nice to reduce taxes by an increased amount in 2014; staff does not see this as prudent as the OMPF is being phased out and may not exist at all in 3-4 years' time. The funds being allocated as surplus and reserves these last few years will be required for basic operating expenses to offset the loss of the OMPF. (It will also be offset by increased phase in of reassessments as well.) Of course, new provincial and federal governments may change municipal funding along the way.

Should council agree to participate in any public/private agreement the budget would not be affected. Funds are available in reserves.

At budget time, Council is required to determine which option best meets the current and future financial needs of the municipality to provide direction to staff to insert the appropriate balance in the budget document and then pass the budget by-law.

A public meeting has traditionally been held to explain the Council approved budget to the ratepayers. **November 30, 2013** has been suggested as a public meeting is already scheduled for that date. This item may be added to the agenda provided circulation of the announcement is provided.

Options for consideration:

- 1) Option #1 is based on 2013 tax rates with 2014 CVA for properties and PILS.
 - a) It meets needs and is based on revenues required from taxation of \$468,061.
 - b) It contributes \$40,000 to reserves from 2014 revenues.
 - i) \$5,000 to Roads Capital;
 - ii) \$4,000 to Roads Truck;
 - iii) \$2,000 to Gravel Crushing;
 - iv) \$5,000 to Office Technology - Office Equipment Replacement - photocopier/accounting taxation software;
 - v) \$10,000 to Garage Replacement and Repair;
 - vi) \$14,000 to Parks and Boat Launches;
 - c) It allocates \$30,000 of 2013 surplus to general revenues and maintains current levels of service and programs allowing for improvements and increases as described below. It includes:
 - i) the 2% salary grid increase approved in 2012, an estimated 1.3% cola increases for all employees, council and HCM contracts and the recommended wage grid step increases.
 - ii) first aid training for staff and some members of council/community;
 - iii) \$2,000 towards a slide for Old Mackey Park;
 - iv) Funding for a recreation program of \$7,500;
 - v) Bulletin boards at the disposal sites;

- vi) Elections of \$5,000; (if not required, can be reallocated at year end);
 - vii) Repairs to the office roof of \$3,500;
 - viii) a 7% employer contribution pension plan at approximately \$10,920 per year;
 - ix) \$2,000 increased education and training for staff; \$500 transferred from mileage to education and training due to increased availability of webinars.
 - x) It also includes an unallocated surplus of \$16,366 which may be allocated as per Council suggestion/direction.
- 2) Option #2 shows a decrease in revenues from taxation of \$20,000 to \$448,061.
- a) It would result in a decrease in taxes owing per \$100,000 of \$3.44 or 1.31%.
 - b) It would include an allocation of the 2013 annual surplus of \$30,000 to general revenues with \$40,000 going to reserves from the 2014 budget.
 - c) This would require a reduction in any of the above – either reserves or the items in “c” above by \$3,634.
- 3) Option #3 shows a decrease in revenues from taxation of \$30,000 to \$438,061.
- a) It would result in a decrease in taxes owing per \$100,000 of \$9.22 or 3.56%.
 - b) It would include an allocation of the 2013 annual surplus of \$30,000 to general revenues with \$40,000 going to reserves from the 2013 budget.
 - c) It would require a reduction in either reserves or any of the items listed in “c” above by \$13,634.

The current reserve sheet has been provided for reference. The specific expenses are listed on the Budget Document attached. A 5 year comparison chart, Current Reserves and Deferred Revenue Statement are each provided for reference.

Actual tax rates for 2008 – 2013 with suggestions for 2014.

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	2013 Total Budget
2008	0.00155496	\$ 155.50	\$12.19	8.50%		\$218,346	\$849,896
2009	0.00180944	\$ 180.94	\$25.45	16.37%		\$266,884	\$950,718
2010	0.00221217	\$ 221.22	\$40.27	22.26%		\$342,625	\$964,084
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 #1	0.00262343	\$262.34	\$0	0%	\$0	\$468,061	\$801,361
2014 #2	0.00258902	\$258.90	(\$3.44)	(1.31)	(\$20,000)	\$ 448,061	\$781,361
2014 #3	0.00253123	\$253.12	(\$9.22)	(3.56)	(\$30,000)	\$ 438,061	\$771,361

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 2013. Changes to the other rates mentioned above may ultimately affect or change the actual residential rates to be set later in June.

Staff recommends Option #1 which maintains taxation levels as they are; no increases, no decreases. This budget meets demands, offers some increased services to residents and benefits to staff. With the looming discontinuation of the Ontario Municipal Partnership Fund, it is suggested that no further reductions in tax rates occur. Increased growth and phased in assessments will help to offset the reductions. Current surpluses and reserves will help to offset these reductions in the future.

As usual, annual 25% assessment increases (MPAC CVA) can be depended on.

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 2014 operating year.

Approved and Recommended by the Clerk

Melinda Reith,

Municipal Clerk

Melinda Reith