



**Corporation of the
Municipality of South Bruce**

Report No.
BUDGET 2010-4

File No.
BUDGET 2010

Directed to: Mayor Wm Goetz and Members of Council

Date
APRIL 13th, 2010

Department: Finance/Treasury

Attachments

Prepared By: Kendra Reinhart, Treasurer

- A - Revenue Fund Recap,
- B - Capital Fund Budget,
- C - Reserves

Subject: **2010 MUNICIPAL BUDGET & TAX LEVYING BY-LAW**

RECOMMENDATION

1. That Report #BUDGET 2010-4 entitled 2010 MUNICIPAL BUDGET & TAX LEVYING BY-LAW, and the associated schedules, be received for information purposes, and that
2. Council considers By-law #2010-xx, being the 2010 MUNICIPAL BUDGET AND TAX LEVYING BYLAW.

REPORT

Origin: Section 290, of the Municipal Act 2001, as amended, requires Municipalities to annually prepare and adopt a budget including estimates of all sums required during the year for the purposes of the municipality. The Council of the Municipality of South Bruce has held a number of budget meetings over the past months to determine the budget requirements for the year 2010. A draft budget, as amended, was approved in principle at a meeting held on March 16th, 2010.. The attached 2010 Municipal Budget document has now been prepared for Council's consideration.

Notice: According to the provisions of the Municipality's Notice Bylaw, the Treasurer has advertised the fact that Council is expected to consider the Final Budget and Levy Bylaw April 13th, 2010 (local newspaper & website).

2010 Budget Process/Review:

Council began the budget process early this year, facing a significant reduction in unconditional grant funding. The loss of \$169,800 in provincial funding under the Ontario Municipal Partnership Funding program would require a 7% increase in the municipal levy to maintain spending in all service areas. The loss of Interest income due to low interest rates resulted in a further percentage impact. Further, the policing budget increased another 6% in 2010 and impacted our levy requirements by another \$42,103 (1.7%). These 3 items alone, that Council has no control over, would require an increase to the municipal budget of 9% if all other areas maintained their service levels and spending.

The first full budget presentation in 2010 reflected a 15% increase to the municipal tax levy. Council asked staff and the committees to incorporate efficiencies and cost-savings where possible to lower the impact to our ratepayers. Further review and the decision to increase transfers from Reserves for certain operating costs resulted in a more manageable levy increase of \$98,178. Many of the service areas have seen a decrease in their operating budgets in order to mitigate the impact on the 2010 levy.

The capital spending has been maintained in 2010 in accordance with the requirements for Federal Gas Tax funding.

2010 Levy:

Municipality Levy: The 2010 Municipal Levy is \$2,505,577 which represents an increase of \$98,178 more from taxes for Municipal purposes than in 2009. This amount represents a 4.08% increase in the overall levy. The Total Municipal Levy is comprised of \$709,059 for Capital Purposes and \$1,796,518 for Operational Purposes.

2010 Tax Rates:

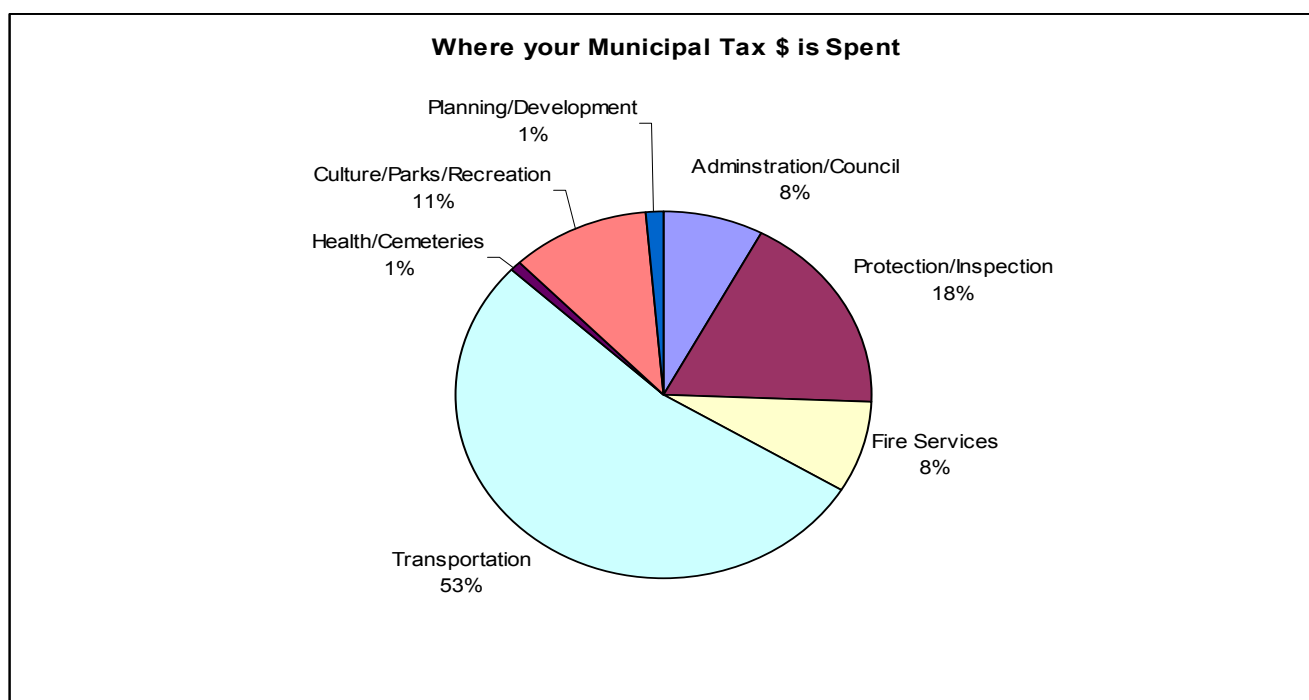
~
~

- **Municipality Tax Rate:** Adoption of this FINAL budget results in no change (0% increase) to the actual municipal tax rate 2010. However, due to the 2009 reassessment of properties, the increase to the comparable notional tax rate, as calculated by Ontario Property Tax Assessment Corporation. is 3.98%.
- **County & Education Levy/Rates:**
 - County – The County adopted its tax rates by Bylaw #2010-023. The County tax rate will raise \$1,643,855, from South Bruce ratespayers, which is down \$33,247 (1.98%) from 2009.
 - Education – Education rates have been passed by legislation and will raise \$1,198,411 from South Bruce rate payers which is down \$9,781 (0.8%) from 2009.
- **Overall Tax Impact:** Due to the reassessment shifts and growth factors, there are a number of items that will affect the actual tax \$ increase on an individual property. Note that a home with a residential assessment in 2009 of \$150,000 would see an average increase in assessment of 3.9% to \$155,850 and will result in a total tax increase of \$20.78 (1.0%). A residential assessment with a higher or lower reassessment change will experience an increase or decrease relative to their individual property's change in assessment. Taking into consideration the rates adopted by the County of Bruce and the Ministry of Education – the total amount to be raised by taxation for all purposes will be \$5,342,082 (ie less than 1% more than 2009). The total residential tax rate (.01306322) will be 3% lower than the 2009 residential tax rate.
- Each Tax \$ is shared as follows – Municipality \$0.47, County of Bruce \$0.31, and School Boards \$0.22.

2010 Budget Implications:

The 2010 Municipal Budget now being presented for consideration will reflect the following:

- **Municipal Tax Rate: .00643280 (Residential)**
- **Municipal Tax Levy: \$2,505,577**
- **Mildmay Sanitary Sewer User Fee Base Rate: \$550** up from \$500 = (10% increase)
- **Mildmay Waterworks Base Rate: \$350** no change
- **Teeswater Waterworks Base Rate: \$400** no change
- **Garbage Collection Fee: \$46** – no change
- **Street Lighting Fee: \$39** – up \$2 per household
- **Bag Tag Fee - \$2.00 per tag** – no change



MUNICIPAL BUDGET - REVENUE FUND: The recap has been attached and is entitled "Schedule A to By-law #2010-24." A copy of the Final Detailed Departmental Budgets will be copied and distributed at the Council meeting, for information purposes and are available for public review. The Total Revenue Fund Expenditures of \$7,298,629 for Municipal Purposes will be funded from taxation \$2,505,577 plus Government Grants User Fees/Charges, Donations, Surplus funds from the year 2009 and Other Revenue. The costs below are reported as net amounts (Expenditures less Revenues) and are the amounts raised by taxes for services provided by the municipality.

2009 Accumulated Surplus: The 2010 Budget has treated the accumulated surplus of \$230,194 as revenue in accordance with the Municipal Act legislation.

General Government:

- **Revenue: \$1,845,700** Once again, the Provincial Government has provided unconditional grant funding under the Ontario Municipal Partnership Fund. As noted earlier, this funding decreased significantly from 2009 (\$169,800) which resulted in a major challenge to establish a moderate tax increase in 2010. This was accomplished (levy increase reduced to \$98,178) through the use of reserve transfers and budget reductions in almost all of the municipality's service areas. Council continues to petition the Government of Ontario to consider a different funding formula for rural municipalities with a large % of farmland assessment.
- **Administration: Net Cost \$343,025** – Revenue continues to stay low due to low interest rates. The Budget for Council expenditures has decreased by 1% and the Administration expenditures are expected to increase by 1%. The 2010 municipal election costs and extra accounting fees to address the new Public Sector Accounting Board amendments have been transferred from Reserve to help keep the tax rate down.

Protection:

- **Fire Services: Net Cost \$345,335** – for the operations of the Mildmay Carrick Fire Department and the Teeswater Culross Fire Department – Budgets reduced 0.4%.
- **Bylaw Enforcement/Policing: Net Cost \$687,423** - up 1.6% - Council again chose to transfer \$58,000 from the policing reserve to help defer the 9% increase in the OPP budget in 2009 and the 6% increase in the OPP Budget in 2010. Any surplus or deficit from the 2009 policing reconciliation will be transferred to/from the policing reserve.
- **Conservation Authorities: Net Cost \$59,646** – down 5.3% - reflects the assessment shift in the Authority's region. The 2010 SVCA budget increased 2.57%.
- **Building/Septic Inspection: Net Cost \$24,920** – down 24% - due to increased revenues expected from permit fees as well as a reduction in expenditures.
- **Dog/Animal Control: Net Cost -\$1,200** – service is to be fully funded from the dog licenses & Animal Control fees.
- **Agricultural/Drainage Services: Net cost \$10,050** – up 0.6% The municipality has applied to the Province for a drainage grant to help offset the cost of the Drainage Inspector and Municipal Drain Maintenance.

Transportation:

- **Roads: Net Cost \$2,318,684** – down 2.3% - maintains Capital taxation spending of \$693,059 for roads/bridges construction projects
- **Streetlights: Net Cost \$0** – Streetlight costs are funded by user charges in the urban communities – \$6,150 transfer from the streetlight reserve was required to offset operating costs. Lower hydro costs are expected due to the time-of-use hourly application of hydro rates.

Environment

- **Landfill/Recycling/Garbage Collection: Net Cost \$0** – Landfill, Recycling and Waste Disposal costs are funded through the bag tag fees collected, recyclable sales and Garbage Collection user fees. Bag Tag Fees remain the same at \$2.00 per bag tag and the Garbage Collection Charge remains the same at \$46 per household. A transfer of \$33,890 from the Landfill Reserve was required to maintain no taxation costs.
- **Sanitary Sewer Systems: Net Cost \$0**
 - Mildmay - The Mildmay Sanitary Sewer system expenses are funded through user fees. The Base Fee has been increased to \$550 per year to cover lower revenues from septage/waste as well as

rising operating costs and those costs involved with maintaining an aging plant. The Mildmay Sewer Reserve was used to assist with funding over \$227,000 worth of capital upgrades to the treatment plant and collection system.

- Teeswater/Formosa System: Costs involved with the new Teeswater/Formosa Sanitary Sewer system continue to be investigated. All costs will be funded through Government Grants, Industry Contributions and Short term borrowing for the year 2010. An amendment to the budget document will be completed once these costs have been confirmed.
- **Waterworks Systems: Net Cost \$0** – Water fees have not changed since 2008 (ie Mildmay Water \$350, Teeswater Water \$400 per year). The Mildmay Water operating expenses for the year 2010 are \$257,841 and the Teeswater Water operating expenses are projected to be \$258,9411. These expenditures will be funded through Government Grants, User Fees and Interest Earned on Reserves. The collection of data to calculate full cost recovery requirements and to prepare a financial plan in accordance with the requirements of the Drinking Water Quality Management Standard is expected to be completed by July 1st, 2010. At that time the Water rates may be revisited for the year 2010. Major work to the distribution system is expected to be completed in conjunction with the Teeswater/Formosa Sewer System project in 2011.

Health

- **Cenotaph/Mortuary – Net Cost \$1,050**
- **Cemeteries – \$0** – Funded through Cemetery Donations, plot sales, etc.
- **Health & Safety – Net Cost \$13,200** – down 1%
- **Doctor Recruitment – Net Cost \$30,400** – revenue was transferred from reserves to maintain the 2009 budget - \$15,050 was transferred in order to meet the extra commitment to the Brockton & Area Doctor Recruitment Committee initiatives.
- **Mildmay Medical Clinic –\$0** - Council will transfer net revenue/deficit to/from the Medical Clinic Foundation Reserve or Bank Account annually, from donations/rentals/clinic expenditures applicable to the clinic operations or capital requirements or other initiatives approved by the Foundation. An agreement authorizing the transfer of funds to the Foundation is expected to be completed this year.

Recreation

- **Libraries – Net Cost \$0** – operating costs are covered by rents paid by the County of Bruce
- **Ball Diamonds – Net Cost \$15,324 – up 21% (\$2,650)**
- **Parks – Net Cost \$45,450 – up 3.8% (\$1,675)**
- **Recreation Programs – Net Cost \$56,120 – down 3.4% (\$1,985)**
- **Pools – Net Cost \$84,200 – down 14.6% (\$14,450)**
- **Community Centers/Halls/Arenas – Net Cost \$263,600 – down \$3.3% (\$8,860)**

Planning & Development

- **Planning – Net Cost \$14,200 – no change**
- **Economic Development – Net Cost \$5,500 – no change**
- **Emergency Planning – Net Cost \$10,600 – down 2.4%**
- **Tourism – Net Cost \$24,000 – up 8.8% (\$1,950)**
- **Agriculture/Drainage – Net Cost \$10,050 – no change** - \$14,000 was transferred from reserve to help offset some of the cost of unusual drainage expenditures this year

CAPITAL FUND BUDGET: Attached as Schedule B to By-law 2010-24

- The balance of unfinanced/unexpended Capital Projects at 2009 year-end \$65,380.31 has been considered during the 2010 Budget Process and will be financed in 2010.

Capital Projects for the Year 2010

- **General Government:**
 - Computer/Office Equipment Purchases \$16,000
 - Asset Management Software \$8,000
 - Accessibility Upgrades - \$5,000
- **Protection**
 - MCFD – RIT gear - \$2,500
 - TCFD – nil
- **Transportation**

- Equipment Purchases – \$277,000 (replace a tandem truck, riding lawn mower, 1 ton truck and new forks for a loader tractor)
- Building Upgrades – \$18,000, new doors for shops, lighting & heating upgrades.
- Bridge Reconstruction Projects – \$550,000 – replace Carrick SR25 Bridge), finish Culross Con 10 Bridge project.
- Carrick Roads – \$80,000 – tar and chip project on Con 2
- Culross Roads - \$495,000 – Culross/Turnberry Boundary reconstruction project – 50% to be paid by Township of Morris Turnberry
- Mildmay Roads – \$22,500 – paving projects at Campbell Crescent, Alfred Street & Simpson Street
- Sidewalk upgrades - \$31,000 – upgrades to sidewalks on Elora Street Mildmay
- Municipal Drains – \$69,000 Roads assessment of new municipal drainage work
- Reserve Transfers – \$100,000 to Teeswater Streets Reserve
- **Mildmay Sewers**
 - Fred Street Gravity Project \$216,000
 - Treatment Plant upgrades - \$10,000
- **T/F Sanitary Sewers** – Budget to be amended when estimated Project costs are finalized.
- **Waterworks**
 - Mildmay Water – Equipment Purchases \$8,300, Clean & Paint Water Tower \$8,500
 - Teeswater Water – Equipment Purchases \$9,500, Upgrades to SCADA system & wellhead \$44,700
- **Medical Clinic** – capital donations to be forwarded to Medical Health Foundation
- **Teeswater Library** – Accessibility Project and Building Upgrades \$406,000
- **Parks** – replace fencing at Mildmay Ball Park \$5,000
- **Recreation Programs** – Equipment for Mildmay Gymnastic & gym program \$40,000
- **Mildmay Pool** – finish Solar System project - \$31,587
- **Teeswater Pool** – new exit lighting & mannequins - \$2,087
- **Mildmay Carrick Recreation Complex** – eavestrough/covering for South Wall, Roof upgrades, flooring \$101,500
- **Teeswater Culross Community Centre** – replace ice machine, water tank, flooring, compressor \$135,000
- **Teeswater Town Hall** – new elevator & washroom upgrades \$158,500
- **Formosa Hall** – downstairs ceiling, lighting, point/paint outside walls, replace siding on gable ends, \$51,660
- **Total Capital Expenses = \$3,237,359**

Funding Sources for 2010 Capital Projects

- 2010 Taxation - \$709,059
- Transfers from Reserves - \$1,080,376
- Government Grants - \$936,963
- Other Municipalities - \$247,500
- Sale of Equipment - \$12,500
- New Debt - T/F Sewer Project - \$63,321
- Donations/Community Fundraising/Developer Contributions - \$253,020

Budget Amendments/Considerations:

- The 2010 estimates for the **Teeswater/Formosa Sanitary Sewer** project will be updated in the amended budget once preliminary costings are confirmed by the Municipality's Engineers. A public meeting will be held to explain the project and estimated costs this spring.
- **Amortization Expenses/Capital Assets:** Staff continues to collect information for the Tangible Capital Asset reporting requirements. Amortization Expenses will be provided in an amended budget when all of the information is available.

RESERVES/RESERVE FUNDS: schedule attached to report entitled "Schedule C to Bylaw #2010-24

- Reserves Projected Balance - \$4,428,590 – which is \$528,328 less than 2009 balance

Respectfully submitted,
Kendra Reinhart, Treasurer