

2021 Draft Budget Presentation

Presented on March 8, 2021

M. Stubbs, Treasurer

2021 Township Budget Process

Staff presented a pre-budget presentation on November 9, 2020 which provided committee with an overview of the impacts to the 2021 budget. One major impact to the 2021 revenue is the loss of OMPF funding of \$93,200.00 which equates to a 1.58% tax levy increase.

Budget Meeting #1- December 4, 2020 a draft capital budget was presented to committee for review. No changes were made by committee

Budget Meeting # 2- January 11, 2021 the 2021 draft budget was presented including both operational and capital budgets. The draft budget funding deficit was \$413,381, this equated to a 7.0% tax levy increase. The taxation supported capital amount was \$1,092,829, slightly higher than 2020.

Budget Meeting # 3- January 19, 2021, committee reviewed several draft operational budgets but made no changes to council, policing, conservation authority, cemetery, planning and economic development. A reduction in the transfer to administration's capital reserve of \$40,000.00 was recommended. The draft budget deficit changed to \$371,381, this equates to 6.32% tax levy increase.

Budget Meeting # 4 – February 4, 2021, committee reviewed agricultural drainage, public works, waste collection and transfer sites, and storm sewer draft budgets. Committee recommended increasing the garbage bag revenue by \$10,000.00 and decreased the budget amount for the Transfer Station to \$25,000.00. Committee recommended pre-budget approval of \$150,000.00 to start the engineering and drainage work in Spencerville. Staff had made some minor changes to operational budgets which changed the draft budget deficit to \$316,079, this equated to 5.35% tax levy increase.

2021 Township Budget Process

Budget Meeting # 5 – February 18, 2021, committee reviewed draft library, fire department, protective services, bylaw, building and recreational budgets.

Staff provided committee with a couple of options for committee to consider that reduced the draft budget deficit to \$153,579 or 2.6% tax levy increase. These changes resulted in a decrease in taxation funding for capital of \$275,000, but an increase to transfers to capital reserves of \$110,000.00. (\$60,000 for roads and \$50,000 for storm sewer)

Committee recommended the purchase of the fire truck outright instead of financing, this change results in a net impact of an additional \$10,000.00 to the overall budget.

Committee recommended transferring \$93,500.00 out of the Cardinal Hydro reserve to fund the purchase of the Zamboni and replacement of the Cardinal Pool Filter. This transfer reduces the reserve fund to \$36,264.76. Staff recommends only transferring the amount of \$43,500.00 to fund the balance of the pool filter replacement.

The current budget deficit is \$62,869 which equates to a 1.06% tax levy increase. By not transferring \$50,000 out of Cardinal Hydro Reserve fund for the Zamboni the deficit would change to \$112,869 which equates to 1.91% tax levy increase.

Taxation Supported Capital Analysis

The 2020 budgeted taxation supported capital was \$978,125. The taxation supported capital for 2021 after these changes is \$724,329. This represents a drop of 25.95% in the level of funding for capital projects. This trend puts the township at risk of falling behind in maintaining capital infrastructure and could result in a significant increase to the tax rate in future years to fund capital projects.

	2017 Actual	2018 Actual	2019 Actual	2020 Budget	2021 Draft Budget
Capital Projects	\$2,020,145	\$1,997,460	\$2,023,134	\$1,756,125	\$1,740,232
Transfers from Reserves	\$0.00	\$702,000	\$284,782	\$170,000	\$123,500
Grant Funding	\$421,007	\$262,592	\$441,650	\$593,000	\$729,010
WIP Funds carried forward	\$149,145	\$64,067	\$94,459	\$15,000	\$163,393
Net Capital Funding supported by taxation	\$1,449,993	\$968,801	\$1,202,243	\$978,125	\$724,329
Transfers to Capital Reserves	\$156,000	\$427,876	\$410,000	\$460,000	\$480,000
Total Capital Expenditures & Transfers to Reserves supported by taxation	\$1,605,993	\$1,396,677	\$1,612,243	\$1,438,125	\$1,204,329
Additional tax revenue from phase-in & growth	\$57,884	\$188,516	\$637,520	\$61,383	\$6,757
Increase in Township residential tax rate	5.54%	1.43%	0.00%	2.54%	1.06%

In 2019, the Township received additional tax revenue from growth assessment related to Giant Tiger and was able to maintain the same residential tax rate as 2018.

However due to 3 larger commercial and industrial appeals, the township has refunded significant amounts totaling \$183,593.27 paid out in 2020 and 2021.

The 2020 refund was funded by an allocation of bad debt expense of \$100,000.00 that was set up to offset the potential loss due to the 730 Truck Stop fire claim costs. The township was successful in the claim and did not require these funds to write-off that potential bad debt.

The 2021 refunds totaling \$72,757.35 are being funded from the Tax Write off reserve which now has a balance of \$57,242.65. As per the Reserve and Reserve Fund Policy, this reserve's lower limit is \$100,000.00. Staff recommends transferring \$20,000.00 from the 2021 budget.

If Committee agrees with staff recommendations the budget deficit would be \$132,869.00 which equates to a 2.25% tax levy increase.

2021 Estimated Tax Revenue

1% of Tax Levy = \$59,053.00

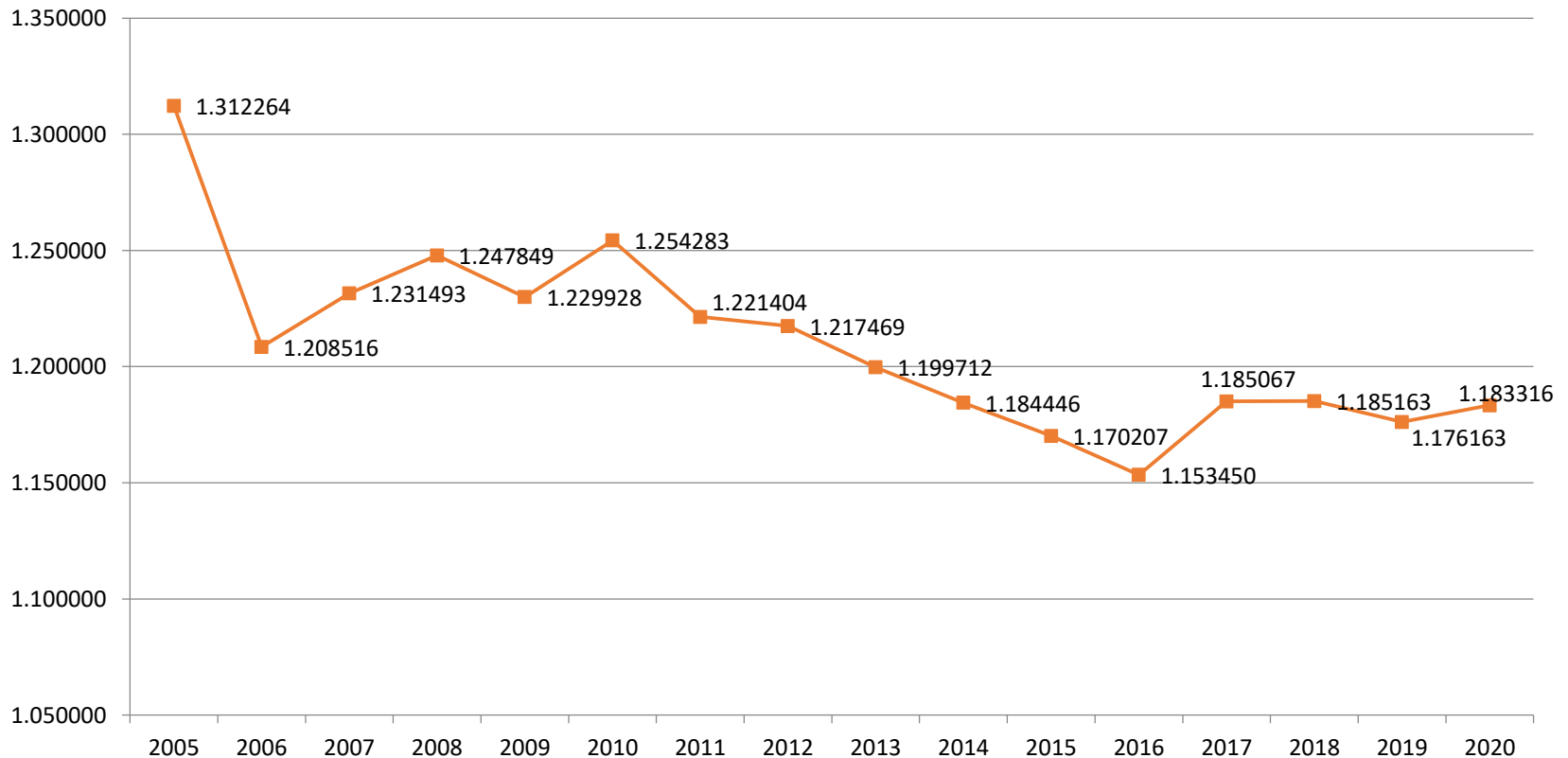
- Effect on Tax Revenue from change in assessment using the 2020 tax rates
- Growth Related Assessment revenue is approximately \$6,757.00

Tax class	Class	2020 roll return assessment	2021 assessment includes growth	2020 tax revenue	2021 estimated tax revenue	increase/decrease in tax revenue
RT	Residential	672,341,162	674,081,975	\$4,441,936	\$4,453,437	\$11,501
MT	Multi Residential	7,839,200	7,839,200	\$51,791	\$51,791	\$0
FT	Farm	85,997,200	87,872,500	\$142,039	\$145,136	\$3,097
CT/CM/CU/CX/XT/XU	Commercial	82,938,713	84,352,500	\$734,386	\$742,399	\$8,013
IT/IU/IX/JT/JU/LT	Industrial	26,256,300	25,278,400	\$335,894	\$319,737	(\$16,157)
PT	Pipeline	17,334,000	17,336,000	\$189,542	\$189,564	\$22
TT	Managed Forest	1,807,400	1,977,200	\$2,985	\$3,266	\$280
			Totals	\$5,898,573	\$5,905,330	\$6,757

Analysis of Total Residential Tax Rate 2005-2020

The total residential tax rate has been below 1.2 since 2013.

A 2.25% increase in township tax rate for 2021 could result in an estimated total tax rate of 1.203541 (assumes the Counties increases their tax rate by 1.45%)





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In 2020 the Township increased the residential tax rate by 2.54%, the Counties decreased their rate by 0.33% and the Province decreased the education rate by 4.97%. This resulted in the total tax rate increase of 0.61 %.

An update from the province indicates that the residential tax rate will remain the same as 2020. However, the commercial and industrial education rates are decreasing from 1.25 to 0.88 (a 30% decrease). There is no update from the Counties on a change in their 2021 residential tax rate (initial draft budget indicated 1.45% increase).

Assuming a 2.25% municipal tax rate, the township portion of the tax payment on every \$100,000.00 of assessment would realize an increase of \$14.87 annually or \$1.24 monthly.

Assessed Value of Single Family Detached Homes	# of Properties	Average assessed value- No change in assessment in 2021	Increase in annual township portion of tax payment if Township increases rate by 2.25%	Monthly increase of tax payment to the township
Under \$189,000.00	1022	\$145,000.00	\$21.55	\$1.80
\$190,000.00 - \$466,000.00	1299	\$280,000.00	\$41.62	\$3.47
Over \$466,000.00	49	\$575,000.00	\$85.47	\$7.12