

Township of Scugog Staff Report

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Report Number: FIN-2017-004

Prepared by: Dianne Valentim, CPA, CGA, Director of Finance / Treasurer

Department: Finance

Report To: Council

Date: March 2, 2017

Reference: February 13, 2017 - Updated - 2017 DRAFT Operating Budget and Addendum to 2017 Capital Budget
Strategic Direction # 4 - to "Provide quality public services that are efficient, effective, and affordable for residents."

Report Title: **2017 Operating Budget**

Recommendations:

1. **That** Report FIN-2017-004, 2017 Operating Budget, be received;
 2. **That** the 2017 Operating Budget in the amount of \$11,568,300 be approved;
 3. **That** the transfer of \$30,000 allocated in the operating budget for the 2018 election to the MP reserve be approved; and
 4. **That** the transfer of \$223,070 allocated in the operating budget for the Special Roads and Roads Related Levy to the Roads Levy Reserve be approved.
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1. Background:

Council endorsed the 2017 Budget guideline of a 1.5% tax levy increase, plus a 1.0% special levy dedicated to infrastructure asset management at its October 3, 2016 Council meeting.

Staff then presented the 2017 DRAFT Operating Budget to Council on February 13, 2017 and held an Operating Budget public open house on February 15, 2017. This draft operating budget achieved Council's budget guideline of a total 2.5% increase while meeting the

operational requirements of the Township. Through both of these public processes, no changes were identified to the 2017 DRAFT Operating Budget.

2. Discussion:

The adoption of the budget tax levy identifies the amount of money to be raised from taxation in the year, and serves as a basis for the calculation of the tax rates needed to generate these revenues. The 2017 budget identifies \$11,568,300 as the amount to be raised from taxation which results in a residential tax rate of 0.00320031. For comparison purposes the 2016 tax rate was 0.00325559.

On a combined basis with the Region of Durham 2017 tax levy increase, the average residential property owner within the Township of Scugog will see an average of approximately 0.46% to their combined tax bill or approximately \$20 for 2017. (This assumes no levy increase for the Board of Education for 2017).

The residents of the Township of Scugog will experience a lower increase on the Regional portion of the tax bill compared to other Regional municipalities as a result of a redistribution of the Regional Property Tax due to reassessment. On average, Scugog residents will experience a 2.4% decrease of the Regional portion due to assessment offset by the 1.8% Regional property tax budgetary increase.

Annual increase in Township Share of Tax Bill

	2016	2017	\$ Increase
Average CVA	\$360,200	\$376,300	
Actual Tax Rate	0.00325559	0.00320031	
Township Tax (rounded)	\$1,173	\$1,205	\$32

Annual increase in Total Average Residential Tax Bill

	2016	2017	\$ Change	%
Average CVA	360,200	376,300		
Region of Durham	\$2,518	\$2,506	(\$12)	
Township of Scugog	\$1,173	\$1,205	\$32	
Education	\$677	\$677	\$0	
Total Tax	\$4,368	\$4,388	\$20	0.46%

The 2017 budget breakdown is as follows:

DEPARTMENT	2017 Tax Requirements	Percentage
Council	291,300	2.4%
Office of the CAO & HR	485,400	3.9%
Corporate Services	1,027,500	8.3%
Fire & Emergency Services	1,919,800	15.5%
Finance	266,800	2.2%
Development Services	711,200	5.7%
Community Services – Public Works	5,209,100	42.0%
Community Services – Recreation	1,237,800	10.0%
Community Services – Parks	619,600	5.0%
Library	620,100	5.0%
NET OPERATING BUDGET	12,388,600	100.0%
New Growth	(65,000)	0.5%
Payment in Lieu – Estimate	(55,000)	0.4%
OMPF Grant	(304,000)	2.5%
MP Reserve Funding	(396,300)	3.2%
TOTAL LEVY REQUIREMENT FOR 2016	11,568,300	93.4%

Municipal Election Funding

In order to help mitigate the cost of running a municipal election, the Township builds in an expenditure line item in the operating budget which is transferred to a reserve and utilized in the year of the election. The 2014 election expenditures were approximately \$75,000. Staff have been transferring approximately \$30,000 a year to the MP reserve for the 2018 election. This transfer has historically been done with year-end entries. The recommendation to transfer the funding in this report is just housekeeping to transfer the funding with the budget rather than at year-end.

Long Term Capital Maintenance and Replacement

The DRAFT 2017 Operating Budget report (FIN-2017-003) addressed the infrastructure deficit in the Township and staff recommended that Council consider increasing the dedicated tax levy to help address the infrastructure deficit.

Council has indicated that they do not wish to increase the special levy for 2017. Staff will monitor and continue to look for other avenues to address the infrastructure deficit in 2017. Staff will also look to address the infrastructure deficit through the 2018 budget, perhaps being able to leverage new growth expected in the Township.

3. Communication Considerations:

Copies of the 2017 Draft Operating Budget were available at the Township Municipal Office and on the Township website the week of February 8, 2017. Beginning February 9, six social media posts were released to promote the upcoming Operating Budget Open House, linking to the draft budget online.

An Operating Budget Open House was held on February 15, 2017 at the Scugog Memorial Library. A web news item was posted on February 16, 2017 providing an overview of the Operating Budget Open House with links to both the Township and Region of Durham budget presentations.

The 2017 Operating Budget is being presented to Council on March 2, 2017. The final 2017 Operating Budget will be posted on the Township website and via social once endorsed by Council.

4. Conclusion:

It is recommended that Council approve the 2017 Operating Budget in the amount of \$11,568,300; that Council approve the transfer of \$30,000 for the 2018 election to the MP reserve; and that Council approve the transfer of \$223,070 to the Roads Levy Reserve.

Respectfully Submitted:

Reviewed By:

Dianne Valentim, CPA, CGA
Director of Finance / Treasurer

Paul Allore
Chief Administrative Officer

Attachments:

2017 Operating Budget