



BUDGET 2016

Township of Horton
Public Meeting – February 29, 2016
7 p.m.

Asset Management and Long Term Financial Strategies

- Historically the budget was an exercise to produce a tax rate.
- Through many financial reporting requirements by the Province, municipalities have been forced to use the budget process as a financial management tool.
- Our Asset Management Plan is one of the financial tools used to guide the municipal decision making process.
- Committees have reviewed their 10 year capital budgets and Council will be completing a final review and adopting a 10 Year Long Term Financial Strategy in the very near future.
- It is important that the public is engaged when the Township is considering amending or adding services prior to annual budget deliberations.

Asset Management and Long Term Financial Strategies Continued

- The budget cannot always be about the annual bottom line % increase. Sufficient funds have to be raised to meet the obligations of the Corporation to ensure our core services have been met and that a source of funding will be available to replace our Tangible Capital Assets.
- The Township's Asset Management Plan indicates that in order to maintain our roads network at a condition rating of 7, the Township should be investing \$625,000 annually. This is equal to a 32.4% levy increase. Since this is not financially feasible, it is recommended by staff that the Township continue transferring funds to the Road Infrastructure Reserves. 2016 transfer is \$66,602.

Asset Management and Long Term Financial Strategies Continued

- In 2013 our roads network was at a condition rating of 6.2, since then with deferring some of the projects our roads network is now at a condition rating of 5.82.
- Our strategies to date will not ever maintain our road infrastructure without infrastructure funding from other levels of government.
- It is imperative that we address the infrastructure gap.
- Based on our current fiscal index as defined by the Province, we have not been successful in obtaining grant dollars for our deteriorating infrastructure.

Budget Process

- Budget Worksheets are distributed to Managers and Committees with Payroll numbers already populated.
- Chairs and Managers bring worksheets forward to their committees for discussion and recommendation to the General Government Committee.
- The former Finance Committee met on several occasions to review the Departmental Budget Summary, 2016 Capital Financing and Forecasted Reserves Schedules.
- The General Government Committee met once again February 17, 2016 to discuss various tax levy scenarios and the impact on an average single family dwelling.
- A Public Budget Meeting was then called for February 29th, 2016 at 7 pm.

Assessment Growth

- Assessment growth is estimated at 1.3% per MPAC for all property classes.
- Residential growth is 1.6%.
- This increase is equal to a levy increase of approximately \$25,100.

Highlights

- Increase in OMPF from \$211,700 to \$213,600 = 0.8%
- 2016 budget includes one summer student.
- 2016 Capital Projects are as follows:
 - Replacement of Township Entrance Signs
 - Map/Drawing Storage System
 - Boat Launch - Pump House and Washroom
 - Well work at the Fire Hall and a Dry Hydrant
 - Roads – Continue with Gravel Program, Thomson Rd work, Lawn Tractor Trailer and Vehicle Exhaust System
 - Landfill Site – Complete Buildings, Snow Blower, Compactor Truck, Debris Fence
 - Recreation – Farrell's Landing Linear Park, Parking Lot Drainage, Roll Down Door and In Floor Heating at the Hall

Highlights

- 2016 budget continues to include transfers to Reserves for Maintenance and Replacement of the Townships Infrastructure. The Reserve Balance has grown from \$603,765 in 2010 to a forecasted \$1,353,813 in 2016.
- Increase in OPP costs from \$329,059 to \$421,170 = to a 4.8% levy increase. Since 2007 OPP has increased 121.8%.
- 2016 budget continues with debt payments. Our debt at the end of 2016 will be \$390,730 which is a reduction of \$491,108 since 2010.

Tax Rate Impact on a Typical Residential Property – Township Levy Only

Increase In levy by OPP Increase, COLA, Growth less OPP Growth

(\$92,111 + \$42,225 + \$25,100 - \$12,098)

2015 **.00518299** x \$215,250 = \$1,115.64

2016 Proposed **.00532630** x \$221,000 = \$1,177.11

Township Tax Increase of \$61.47 or 5.51%



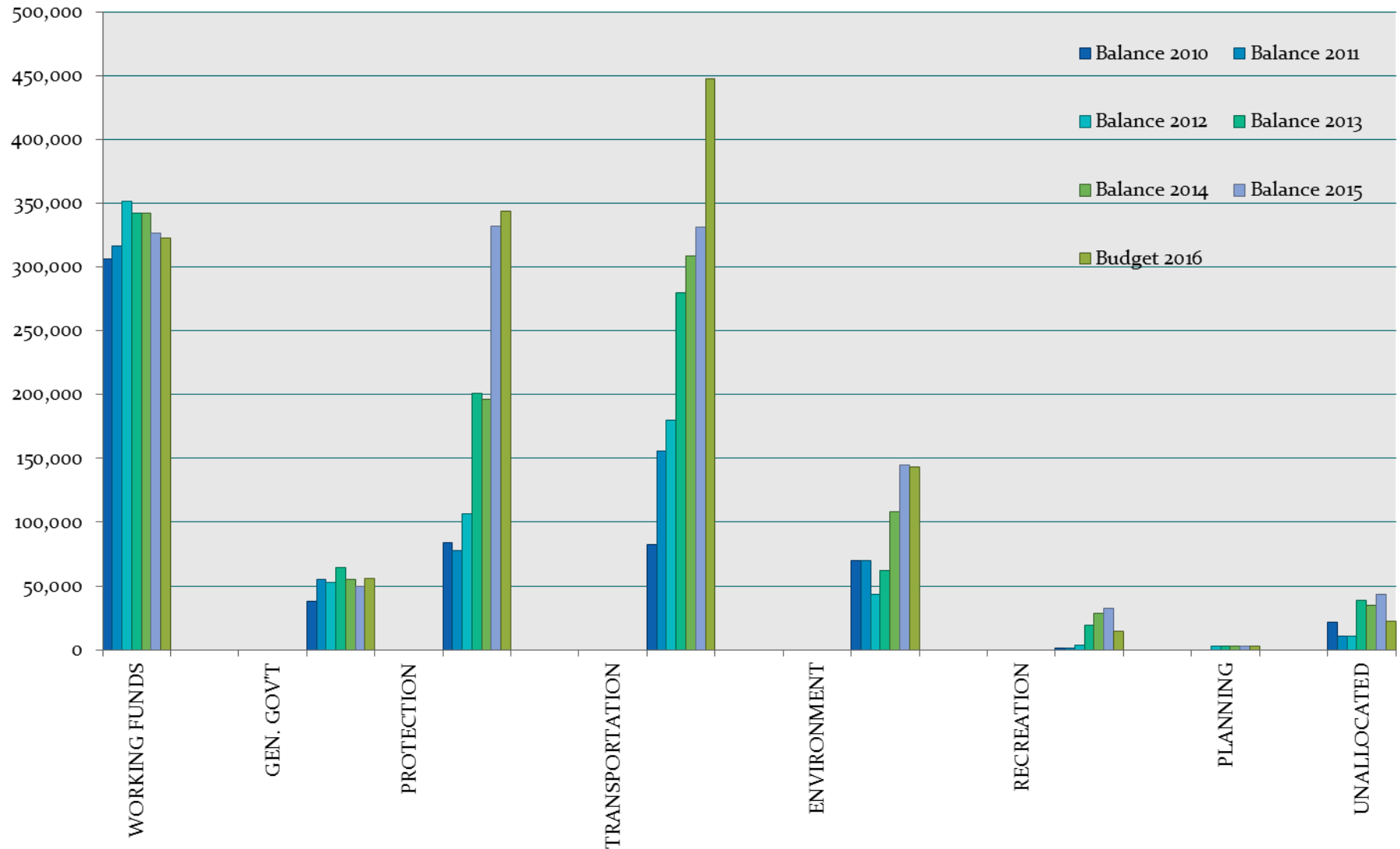
Tax Impacts

- 1,363 will increase an avg of \$ 39
- 165 will increase an avg of \$ 141
- 79 will increase an avg of \$ 248
- 21 will increase an avg of \$ 355
- 5 will increase an avg of \$ 568

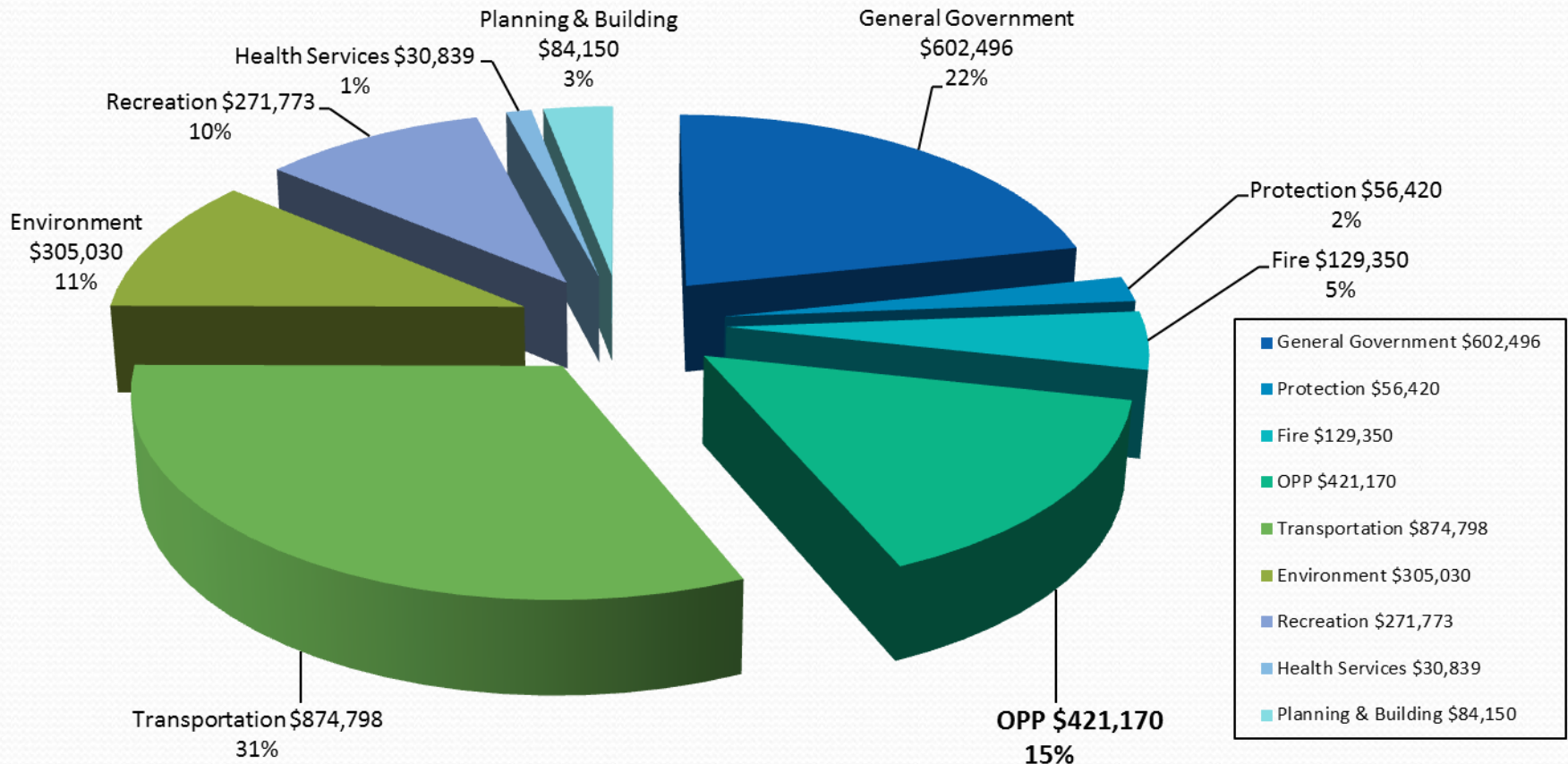
Single Family Home – 2.93% Seasonal Recreational – 5.87%

Note that changes to valuation affect tax burden distribution between classes as well as municipalities when within a two tier structure. The above does not consider the 50% Industrial Levy Restriction nor County and Education Tax Rates. Only the average assessment for a single family home in the above example, it should be understood that there are multiple properties that will see increases or decreases throughout the Township.

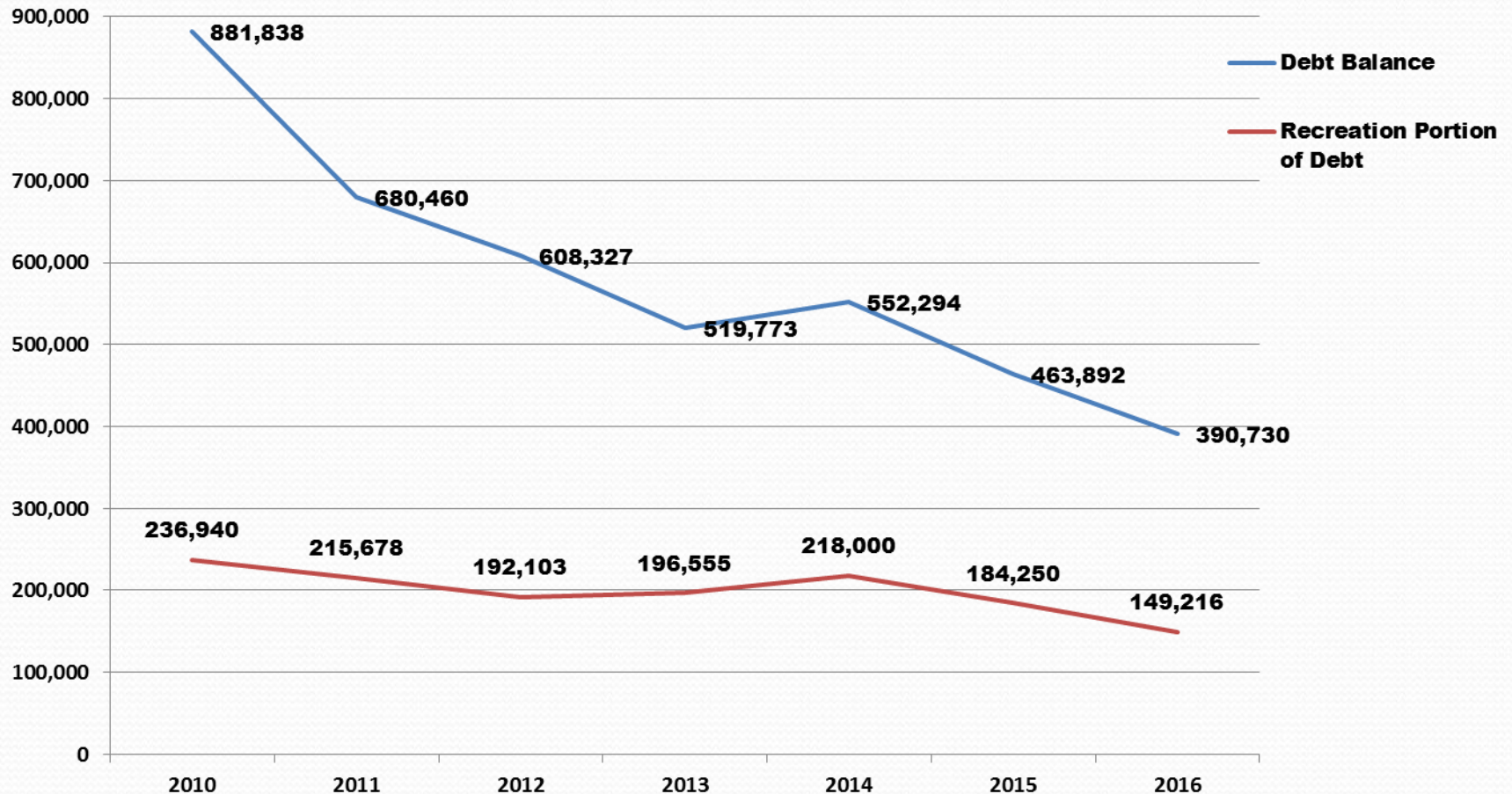
Reserves



2016 Departmental Operating Budgets



Township Debt



The Township debt was \$881,838 in 2010 and is forecasted to be \$390,730 for the year ending 2016. Since 2010, the Recreation Committee has raised \$116,465 towards the Recreation Debt.

Future Impacts

- OPP Billing Model will continue to impact the annual levy.
- Lack of Long Term Funding and the increase in the Infrastructure Deficit will continue to impact the condition of our Tangible Capital Assets and potentially service levels.

Closing Remarks

- Thank you to Council, committees, and staff for their help in preparing the 2016 budget.
- This presentation is available on our Municipal Website at www.hortontownship.ca
- Questions?