



**2<sup>nd</sup> Draft**  
**2018 Operating & Capital Budgets**

# 2018 Operating & Capital Budget

## Outline:

- Highlights of Proposed 2018 Budget Changes
- Assessment Changes & Tax Rate Impact
- Proposed Changes to 2018 Budgets
- 2017 Forecast Surplus
- 2.7% Balanced Budget
- Additional Capital Requirements
- Future Items to Consider
- Questions

# Highlights of Proposed 2018 Budget Changes

## Second 2018 Draft – Operating Budget

- ▶ The Township levy increase included in the revised 2018 Operating is **2.7%**, or **\$9,993,793** a **\$267,947** increase in property tax revenue;
- ▶ This increase is made up of several factors:
  - The 2017 tax rate was rolled back by **2.7%** to return to a revenue neutral position;
  - The 2017 revenue neutral tax rate was then increased for **NET** growth **0.06%**; Increasing Tax Levy by approximately **\$2,000**
  - The 2017 revenue neutral tax rate plus growth was then increased by **2.7%**, or **\$265,842**
- ▶ A loan of **\$1,680,696** has been proposed in addition to various cuts to operating and capital items previously included;
- ▶ Net Operating Budget has been reduced by **(100,126)**
- ▶ Net Capital Budget has increased by **\$337,317**

## First 2018 Draft – Operating Budget

- ▶ The township levy increase included in the proposed 2018 Operating Budget is **2.8%** or **\$10,271,455** a **\$535,588** increase in property tax revenue;
- ▶ This increase is made up of following two parts:
  - **\$265,843** or 2.7% of the increase is due to the increase in MPAC assessments; and
  - **\$269,745** is due to a 2.8% increase in the tax levy
- ▶ MPAC assessment increases from 2017 to 2018 total **\$67,346,604** (3.1% increase in total assessments);
- ▶ A loan of **\$2,462,000** has been proposed in order to balance the budget.

# 2018 Operating & Capital Budget Assessment Changes & Tax Rate Impact

Year Over Year Change in Assessment

<u>TAXABLE ASSESSMENT</u>	<u>RTC/RTQ</u>	<u>Ratio</u>	<u>2017 Returned Roll</u>	<u>2017 Total Growth</u>	<u>2017 Appeals/Reasse ssments</u>	<u>2017 Net Growth (per OPTA report)</u>	<u>2018 Equity</u>	<u>2018 Returned Roll</u>
Residential	RT	1.0000	2,080,880,300	8,058,017	(6,747,233)	1,310,784	53,366,746	2,135,557,830
Total Taxable Assessment				8,494,856	(7,195,392)	1,299,464	66,047,140	2,262,276,190
Percentage Changes				0.0039	-0.0033	0.0006	0.0301	0.0307

# 2018 Operating & Capital Budget Assessment Changes & Tax Rate Impact

Changes in the Mill Rate and Tax Levy

	Rate	Mill Rate Change	% Change	Tax Levy Generated	\$ Difference
2017 Mill Rate	0.00449296			\$ 9,725,845	
2018 Revenue Neutral Mill Ra	0.00437342	-0.00011954	-0.027	\$ 9,725,845	\$ -
2018 Revenue Neutral Mill Rate with Growth	0.00439073	0.00001731	0.004	\$ 9,764,341	\$ 38,496
2018 Mill Rate with Growth and 2.7% Increase	0.00450928	0.00011855	0.027	\$ 10,027,978	\$ 263,637
				<b>Total Increase</b>	<b>\$ 302,133</b>

# 2018 Operating & Capital Budget Assessment Changes & Tax Rate Impact

Township of Rideau Lakes 2018 Assessment and Tax Rates										
<u>TAXABLE ASSESSMENT</u>	<u>RTC/RTQ</u>	<u>Ratio</u>	<u>2017 Returned Roll With 2017 Growth</u>	<u>2017 Levy with Growth</u>	<u>Increase in Amount of 2017 Tax Levy</u>	<u>2017 Total Growth</u>	<u>2017 Appeals/Reas sessments</u>	<u>2017 Net Growth (per OPTA report)</u>	<u>2018 Equity</u>	<u>2018 Returned Roll</u>
<b>Residential</b>	<b>RT</b>	1.0000	2,088,938,317	9,385,514	36,204	8,058,017	(6,747,233)	1,310,784	53,366,746	2,135,557,830
	<b>RH</b>	1.0000	47,500	213	-			-		47,500
<b>Multi Residential</b>	<b>MT</b>	1.0000	3,966,000	17,819	-		728,500	728,500	418,500	5,113,000
			-	-	-			-		-
<b>Commercial</b>			-	-	-			-		-
- Occupied	<b>CT</b>	1.3464	33,562,593	203,031	411	68,000	(602,890)	(534,890)	538,900	33,498,603
	<b>CH</b>	1.3464	631,475	3,820	-			-	475	631,950
- Excess Land	<b>CU</b>	0.9425	84,100	356	-			-	1,800	85,900
- Vacant Land	<b>CX</b>	0.9425	293,000	1,241	-			-	6,300	299,300
	<b>CK</b>	0.9425	54,025	229	-			-	25	54,050
- New Construct	<b>XT</b>	1.3464	3,631,525	21,968	-		3,750	3,750	58,475	3,693,750
- New Vacant	<b>XU</b>	0.9425	43,725	185	-		(23,525)	(23,525)		20,200
			-	-	-			-		-
<b>Industrial</b>			-	-	-			-		-
- Occupied	<b>IT</b>	1.8114	1,309,875	10,660	-		10,800	10,800	4,775	1,325,450
	<b>IH</b>	1.8114	281,275	2,289	-			-	39,275	320,550
- Excess Land	<b>IK</b>	1.1774	27,850	147	-			-	6,850	34,700
- New Construct	<b>JT</b>	1.8114	4,031,596	32,811	751	92,217	(175,040)	(82,823)	119,150	3,975,706
- New Vacant	<b>JU</b>	1.1774	955,446	5,054	-			-	35,619	991,065
- Taxable Excess Land	<b>IU</b>	1.1774	72,375	383	-			-	7,475	79,850
			-	-	-			-		-
<b>Pipelines -</b>	<b>PT</b>	1.6551	800,500	5,953	965	129,750	-	129,750	21,500	822,000
			-	-	-			-		-
<b>Farmlands -</b>	<b>FT</b>	0.2500	60,258,990	67,685	165	146,872	(442,682)	(295,810)	10,944,939	70,761,247
			-	-	-			-		-
<b>Managed Forests</b>	<b>TT</b>	0.2500	4,434,275	4,981	-		52,928	52,928	476,336	4,963,539
			-	-	-			-		-
<b>Total</b>			<b>2,203,424,442</b>	<b>9,764,341</b>	<b>38,496</b>	<b>8,494,856</b>	<b>(7,195,392)</b>	<b>1,299,464</b>	<b>66,047,140</b>	<b>2,262,276,190</b>
						<b>0.39%</b>	<b>-0.33%</b>	<b>0.06%</b>	<b>3.01%</b>	<b>3.07%</b>

# 2018 Operating & Capital Budget Assessment Changes & Tax Rate Impact

<b>Township of Rideau Lakes</b>											
<b>2018 Assessment and Tax Rates</b>											
<u>TAXABLE ASSESSMENT</u>	<u>RTC/RTQ</u>	<u>Ratio</u>	<u>2017 Tax Rate</u>	<u>2018 Returned Roll</u>	<u>2018 Weighted Assessment</u>	<u>Revenue Neutral Rate</u>	<u>Revenue Neutral with Growth</u>	<u>Rev.Neutral Levy</u>	<u>Rev.Neutral Levy with Growth</u>	<u>Rate with increase</u>	<u>Levy with Increase</u>
Residential	RT	1.0000	0.00449296	2,135,557,830	2,135,557,830	0.0043734177	0.0043907282	9,339,686.50	9,376,654	0.0045092779	9,629,824
	RH	1.0000	0.00449296	47,500	47,500	0.0043734177	0.0043907282	207.74	209	0.00450928	214
Multi Residential	MT	1.0000	0.00449296	5,113,000	5,113,000	0.0043734177	0.0043907282	22,361.28	22,450	0.00450928	23,056
				-							-
Commercial				-							-
- Occupied	CT	1.3464	0.00604932	33,498,603	45,102,519	0.0058883696	0.0059116765	197,252.16	198,033	0.00607129	203,380
	CH	1.3464	0.00604932	631,950	850,857	0.0058883696	0.0059116765	3,721.16	3,736	0.00607129	3,837
- Excess Land	CU	0.9425	0.00423452	85,900	80,959	0.0041218588	0.0041381736	354.07	355	0.00424990	365
- Vacant Land	CX	0.9425	0.00423452	299,300	282,084	0.0041218588	0.0041381736	1,233.67	1,239	0.00424990	1,272
	CK	0.9425	0.00423452	54,050	50,941	0.0041218588	0.0041381736	222.79	224	0.00424990	230
- New Construct	XT	1.3464	0.00604932	3,693,750	4,973,265	0.0058883696	0.0059116765	21,750.17	21,836	0.00607129	22,426
- New Vacant	XU	0.9425	0.00423461	20,200	19,039	0.0041219462	0.0041382614	83.26	84	0.00424999	86
				-	-						-
Industrial				-							-
- Occupied	IT	1.8114	0.00813855	1,325,450	2,400,920	0.0079220089	0.0079533651	10,500.23	10,542	0.00816811	10,826
	IH	1.8114	0.00813855	320,550	580,644	0.0079220089	0.0079533651	2,539.40	2,549	0.00816811	2,618
- Excess Land	IK	1.1774	0.00529006	34,700	40,856	0.0051493058	0.0051696873	178.68	179	0.00530927	184
- New Construct	JT	1.8114	0.00813855	3,975,706	7,201,594	0.0079220089	0.0079533651	31,495.58	31,620	0.00816811	32,474
- New Vacant	JU	1.1774	0.00529006	991,065	1,166,890	0.0051493058	0.0051696873	5,103.30	5,123	0.00530927	5,262
- Taxable Excess Land	IU	1.1774	0.00529006	79,850	94,016	0.0051493058	0.0051696873	411.17	413	0.00530927	424
				-	-						-
Pipelines -	PT	1.6551	0.00743630	822,000	1,360,492	0.0072384437	0.0072670943	5,950.00	5,974	0.00746331	6,135
				-	-						-
Farmlands -	FT	0.2500	0.00112324	70,761,247	17,690,312	0.0010933544	0.0010976821	77,367.12	77,673	0.00112732	79,771
				-	-						-
Managed Forests	TT	0.2500	0.00112324	4,963,539	1,240,885	0.0010933544	0.0010976821	5,426.91	5,448	0.00112732	5,595
				-	-						-
<b>Total</b>				<b>2,262,276,190</b>	<b>2,223,854,604</b>			<b>9,725,845</b>	<b>9,764,341</b>		<b>10,027,978</b>
				<b>3.07%</b>							
Payments-in-lieu				11,858,750							
Exempt Properties				39,287,766							
<b>Balance to CVA</b>				<b>2,313,422,706</b>							

# Proposed Changes to 2018 Budgets

Changes Proposed in Draft 2018 Budget				
	1st Draft 2018 Budget	2nd Draft 2018 Budget	Change	Comments
<b>Operating Budget</b>	<b>(639,495)</b>	<b>(739,620)</b>	<b>(100,126)</b>	<b>Overall increase in surplus to fund capital</b>
<b>Revenues</b>	<b>(14,021,531)</b>	<b>(13,755,897)</b>	<b>265,634</b>	<b>Total revenue reduced by \$265,634, primarily taxation</b>
Donations	(8,872)	(7,400)	1,472	Reallocate amount recorded as revenue to reserve account
Taxation - Commercial	(237,218)	(230,805)	6,413	Tax Rate reduced to Revenue Neutral, plus .06% growth, with 2.7% increase in tax rate
Taxation - Farmlands	(81,707)	(79,499)	2,209	Same as above
Taxation - Industrial	(53,046)	(51,612)	1,434	Same as above
Taxation - Managed Forests	(5,731)	(5,576)	155	Same as above
Taxation - Multi Res	(23,616)	(22,977)	638	Same as above
Taxation - Pipelines	(6,284)	(6,114)	170	Same as above
Taxation - Residential	(9,863,853)	(9,597,209)	266,644	Same as above
Transfer from Reserve	(12,000)	(25,500)	(13,500)	Transfer from Parkland Revenue was missing for items recorded in Corp.Services, Grants for Others for LBLPB and Delta.
<b>Expenditures</b>	<b>13,382,037</b>	<b>13,016,277</b>	<b>(365,760)</b>	<b>Total expenses reduced by 365,760</b>
Benefits	890,656	881,288	(9,368)	Benefits reduced due to forecast vacancy for portion of year
Economic Development	93,450	63,450	(30,000)	Reduction in planned work under Economic Development
HAC	141,185	47,285	(93,900)	Elimination of the Hertiage Network
Long Term Financing - Principal	2,057,220	1,911,037	(146,183)	Reduction of loan financing; Reduced loan not to be drawn until Dec 2018
Other Professional Fees	175,760	125,760	(50,000)	Removal of \$50K financing for unfunded liability for Portland Waste Closure
Salaries	3,010,566	2,965,508	(45,058)	Reduction due to forecast vacancy for part of year; Funds required in 2018 budget
Summer Students	70,800	79,550	8,750	Increase in budget estimate summer students in Corp.Services
<b>Grand Total Operating</b>	<b>(639,495)</b>	<b>(739,620)</b>	<b>(100,126)</b>	



# Proposed Changes to 2018 Budgets

Capital Budget	1st Draft 2018 Budget	2nd Draft 2018 Budget	Change	
<b>Municipal Properties</b>	<b>720,207</b>	<b>640,297</b>	<b>(79,910)</b>	
161308000-Capital Projects	1,070,115	1,030,115	(40,000)	Removed \$40k sidewalks Elgin
141306695-Grants from Others	(95,000)	(134,910)	(39,910)	Additional Fed. Grant Enabling Assessability
<b>Environmental Services</b>	<b>296,155</b>	<b>-</b>	<b>(296,155)</b>	Deferral of Portland Transfer Development
144046601-Transfer from Reserves	(203,845)	-	203,845	Moved the work on Portland to 2019
164048000-Capital Projects	500,000	-	(500,000)	Moved the work on Portland to 2019
<b>Roads &amp; Bridges</b>	<b>(1,228,019)</b>	<b>(519,637)</b>	<b>708,382</b>	
141276501-Capital Financing	(2,462,000)	(1,680,696)	781,304	Reduction in Financing
141285352-OCIF Grant	(102,516)	(102,438)	78	Budget adjusted to reflect actual amount
163008000-Capital Projects	2,161,600	2,138,600	(23,000)	Removal of \$23K for Coons Road Prep. - not required until surface treatment
143005900-Prior Year Surplus/Deficit	(200,000)	(250,000)	(50,000)	Expected increase in 2017 surplus
<b>Community &amp; Leisure</b>	<b>10,000</b>	<b>15,000</b>	<b>5,000</b>	
167108000-Capital Project	15,800	20,800	5,000	Elgin Heritage Park Benches - omitted from 1st draft
Total Capital Revenue	(4,141,172)	(3,245,855)	895,317	
Total Capital Expenditures	4,780,666	4,222,666	(558,000)	
Difference	639,494	976,811	337,317	
Tax Levy Funding from Operating	(639,495)	(739,620)		
Unfunded	(1)	237,191		

# 2017 Surplus

- ▶ **\$263K decrease in Operating Expenses primarily due to:**
  - \$142K decrease in Salaries and Benefits due to staff vacancies in 2017
  - \$15K decrease in Action Items
  - \$17K decrease in Building Maintenance due to limiting spending in 2017
  - \$34K decrease in Dumping Fees, partially offset by increases in Recycling
  - \$14K decrease in Computer Support, Roads – deal for software fell through
  - \$30K decrease in Contract Salaries due to less use of contractors in 2017 in Municipal Properties
  - \$20K savings in Interest Charges due to less use of Temporary Financing;
  - \$42K decrease in Roadside Maintenance due to few trees removed and less ditching
  - \$10K decrease in Equipment Maintenance – no contractor repairs
  - \$13K decrease in Beautification Supplies
  - \$39K decrease in HAC
- ▶ **Partially offset by increases in:**
  - 27K increase in Loose top Maintenance – wash out on Simpson Rd.
  - \$27K increase in Recycling
  - \$60K increase in Winter Controls – Material due to weather
  - \$19K increase in Vehicle Maintenance due to move vehicle breakdowns

## 2.7% Increase – Balanced Budget

### Summary of Changes in Operating and Capital Budgets

Operating - Revenue Reduced			265,634	Primarily in reduced property tax revenue
Operating - Expenses Reduced			(365,760)	As noted above
Capital - Revenue Reduced			895,317	Primarily in loan financing
Capital - Expenditures Reduced			(558,000)	Primarily Portland Landfill

### Unfunded

**237,191**

### Potential Reductions in Capital to Balance Budget

Fire - remove truck			(42,000)	Defer to 2019
Munic. Prop. - remove one demolition			(10,000)	Defer to 2019
Roads - budget reduction			(152,000)	Defer to 2019;
Additional Tax Revenue - Growth			(34,000)	
<b>Possible Reductions in Capital</b>			<b>(238,000)</b>	

# Additional Requirements for Capital for 2018

- \$28K required for New Jimmy for Development Services – current vehicle is not dependable
- \$20K required for Voice Recognition Phone System
- \$100K required for Small Hall Grant Allocation
- **\$148K Total Additional Funding Required**

# Small Hall Grant Allocation

- ▶ **NEW! – Employment and Social Development Canada – \$40,000 – Newboro Hall Accessible Washrooms**
- ▶ **2018 Five B Foundation - \$75,000 Small Halls – Open Mandate**
- ▶ **2017 Five B Foundation - \$44,000 Small Halls Reserve – Open Mandate**
- ▶
- ▶ **Total ‘Small Halls’ Funding \$159,000**
- ▶
- ▶ **Morton Hall - \$20,000 – Washrooms (in budget, increase)**
- ▶ **Newboro Hall - \$60,000 - Washrooms and Kitchen (in budget, increase)**
- ▶ **Lombardy Agricultural Society - \$15,000 – Augment Community Grant for Building Roof (total 20K)**
- ▶ **Delta Agricultural Society - \$30,000 – Ag Hall Update Cost Share - Celebrate the Season Growth/Emergency Shelter MOU**
- ▶ **North Crosby Hall - \$6,000 – BBQ Updates from Action Items**
- ▶ **Delta Mill Society – Old Town Hall - \$6,000 – HVAC System**
- ▶ **Portland - \$22,000 – Opportunity Funds - TBD (Hall, Anglican Church, School)**

# Revised Budget with New Capital Requirements

Potential Reductions in Capital to Balance Budget				
Fire - remove truck			(42,000)	Defer to 2019
Munic. Prop. - remove one demolition			(10,000)	Defer to 2019
Roads - budget reduction			(152,000)	Defer to 2019;
Additional Tax Revenue - Growth			(34,000)	
<b>Possible Reductions in Capital</b>			<b>(238,000)</b>	
<b>Summary of Changes in Operating and Capital Budgets</b>				
Operating - Revenue Reduced			265,634	Primarily in reduced property tax revenue
Operating - Expenses Reduced			(365,760)	As noted above
Capital - Revenue Reduced			895,317	Primarily in loan financing
Capital - Expenditures Reduced			(558,000)	Primarily Portland Landfill
Capital - New Vehicle Required Development			28,000	
Capital - Voice Recognition System			20,000	
Capital - Small Halls Grant Allocation			100,000	
<b>Unfunded</b>			<b>385,191</b>	
Potential Reductions in Capital to Balance Budget				
Fire - remove truck			(42,000)	Defer to 2019
Munic. Prop. - remove one demolition			(10,000)	Defer to 2019
Roads - budget reduction			(282,691)	Defer to 2019;
Additional Tax Revenue - Growth			(34,000)	Additonal Growth
Reduce Grants to Others - not assigned			(16,500)	
Fire Pumper - order in 2018, take delivery in Jan 2019				297500 potential reduction
<b>Possible Reductions in Capital</b>			<b>(385,191)</b>	
<b>Surplus Funding</b>			<b>0</b>	

# Future Items to Consider:

## Changes in the Mill Rate and Tax Levy

	Mill Rate	Mill Rate Change	% Change	Tax Levy Generated	\$ Difference	Total Increase in Revenue
2017 Mill Rate	0.00449296			\$ 9,725,845		
2018 Revenue Neutral Mill Rate	0.00437342	-0.00011954	-0.027	\$ 9,725,845	\$ -	
2018 Revenue Neutral Mill Rate with Growth	0.00439073	0.00001731	0.004	\$ 9,764,341	\$ 38,496	\$ 38,496
2018 Mill Rate with 2.7% Increase	0.00450928	0.00011855	0.027	\$10,027,978	\$ 225,141	\$ 263,637
Education Room	0.004596	0.00008708	0.019	10,123,978	\$ 96,000	\$ 359,637
1% increase with Education reduction	0.004642	0.00004596	0.010	10,225,218	\$ 101,240	\$ 460,877
2% increase with Education reduction	0.004688	0.00009193	0.020	10,326,458	\$ 202,480	\$ 562,117

