

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. DAS-2010-0013

FOR CONSIDERATION OF
COUNCIL
OF February 22, 2010

SUBJECT: 2010 TAX LEVY SUPPORTED BUDGET

RECOMMENDATIONS:

1. **THAT REPORT NO. DAS-2010-0013 BE RECEIVED; AND**
2. **THAT COUNCIL ADOPT THE 2010 TAX LEVY SUPPORTED BUDGET FOR BOTH OPERATIONS AND CAPITAL INVESTMENTS AS DETAILED IN THIS REPORT AND THE ACCOMPANYING SCHEDULES; AND**
3. **THAT COUNCIL AUTHORIZE THE TOWN TREASURER TO ESTABLISH 2010 PROPERTY TAX RATES SUFFICIENT TO RAISE \$27,781,500 IN SUPPORT OF THE TAX LEVY SUPPORTED BUDGET.**

PURPOSE:

This report presents the 2010 Tax Levy Supported Budget to Council for review and adoption.

BUDGET OVERVIEW:

The Town's Tax Levy Supported Budget provides the funding for service delivery to its residents and businesses including:

- Libraries
- Parks and trails
- Leisure programs
- Arts and culture programs
- Community halls
- Arenas, swimming pool, and gym facilities
- Road maintenance
- Snowplowing and salting/sanding of roads and sidewalks
- Garbage and recycling pickup
- Fire prevention and emergency rescue
- Land use planning and economic development
- Animal control and mosquito control
- Bylaw enforcement and parking control
- Building code administration.

Gross Expenditures

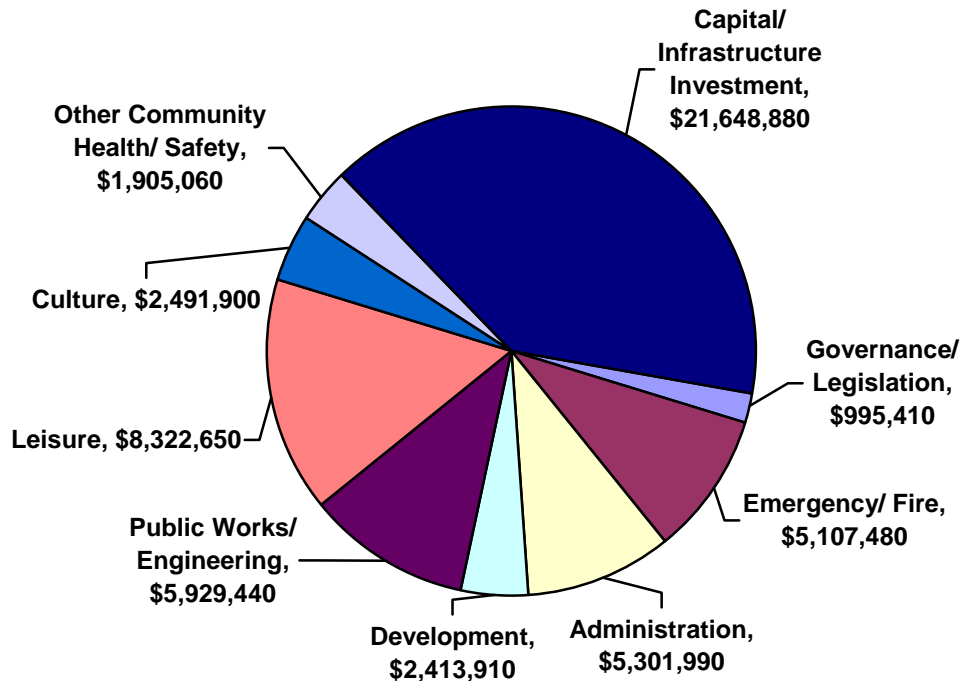
The 2010 Tax Levy Supported Budget includes total gross expenditures, including contributions to reserve funds, of \$54.1 million as follows:

Town Operations and Services	\$28,973,640
Capital Investment	23,586,250
<u>Contributions to Reserve Funds</u>	<u>1,556,830</u>
<u>Total</u>	<u>\$54,116,720</u>

Gross expenditures by service delivery, including contributions to reserve funds, are listed in Appendix #1, attached to this report.

Chart 1 below represents the 2010 gross expenditures by service delivery.

Chart 1
2010 Gross Expenditures by Service
\$54.1 Million



2010 Capital Purchases and Infrastructure Investment

Proposed capital expenditures totaling \$23.6 million are listed on Appendix #2, which also identifies the proposed funding sources, including development charges, reserve funds, and government grants. The overall capital program in 2010 is extraordinary, having achieved grant funding of \$9.5 million from the *Build Canada* program and \$1,434,000 from the *RINC* program. The net tax levy requirement to fund the 2010 capital program is \$1.9 million, which reflects an increase of \$29.0 thousand over the 2009 Capital Budget.

Reserve Funds

The Town is committed to sustainable service delivery to its residents and businesses. In addition to gross expenditures, this budget also includes contributions to the Town’s discretionary reserve funds in the net amount of about \$1.6 million for the purpose of lifecycle replacement of its assets as they age (depreciation) and other future expenditures, primarily related to capital investments.

Appendix 3 attached to this report includes a list of the Town’s discretionary reserves, as well as the proposed reserve contributions and draws in the 2010 Budget.

2010 Debt

The Town currently maintains tax levy supported debt totaling approximately \$1.9 million in serial debentures through the Region of York that were issued for the redevelopment of the Georgina Ice Palace (refer to Table 1 below). The debt servicing requirement related to these debentures is fully funded through the property tax levy.

Table 1 – Long Term Debt

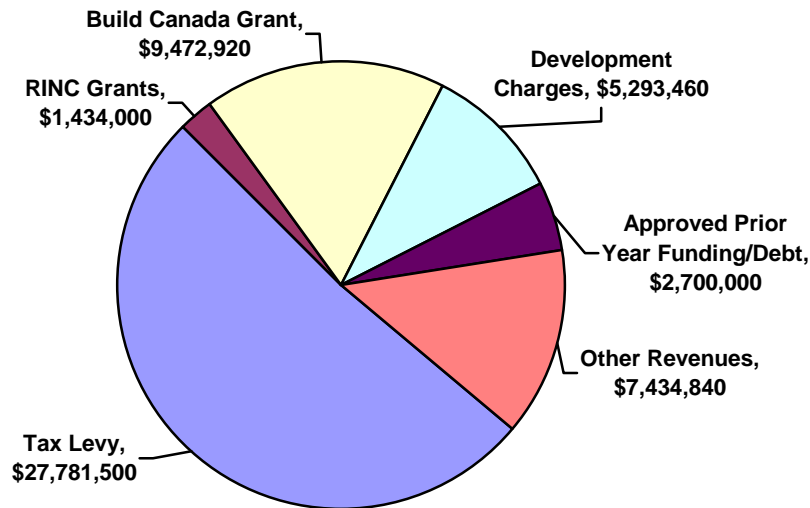
	Balance Dec 31, 2009	2010 Principle Payments	Balance Dec 31, 2010	Final Payment Year
Capital Investment	\$	\$	\$	
Georgina Ice Palace	1,856,000	561,000	1,295,000	2012

The Ministry of Municipal Affairs and Housing has calculated and prescribed the Town’s Annual Repayment Limit for Debt at \$6.9 million. The 2010 Budgets for both tax levy supported operations and the water/sewer rate supported operations include annual debt servicing payments totaling \$2.0 million, well within the Town’s Annual Repayment Limit.

Sources of Funding

The Town's gross expenditure budget is funded in part by revenues of \$7.2 million that are derived from user fees, permits and licences, Federal and Provincial Grants, and development charges. Chart 2 below reflects the funding sources to fund the total 2010 Budget requirement of \$54.1 million.

Chart 2
2010 Funding Sources
\$54.1 Million



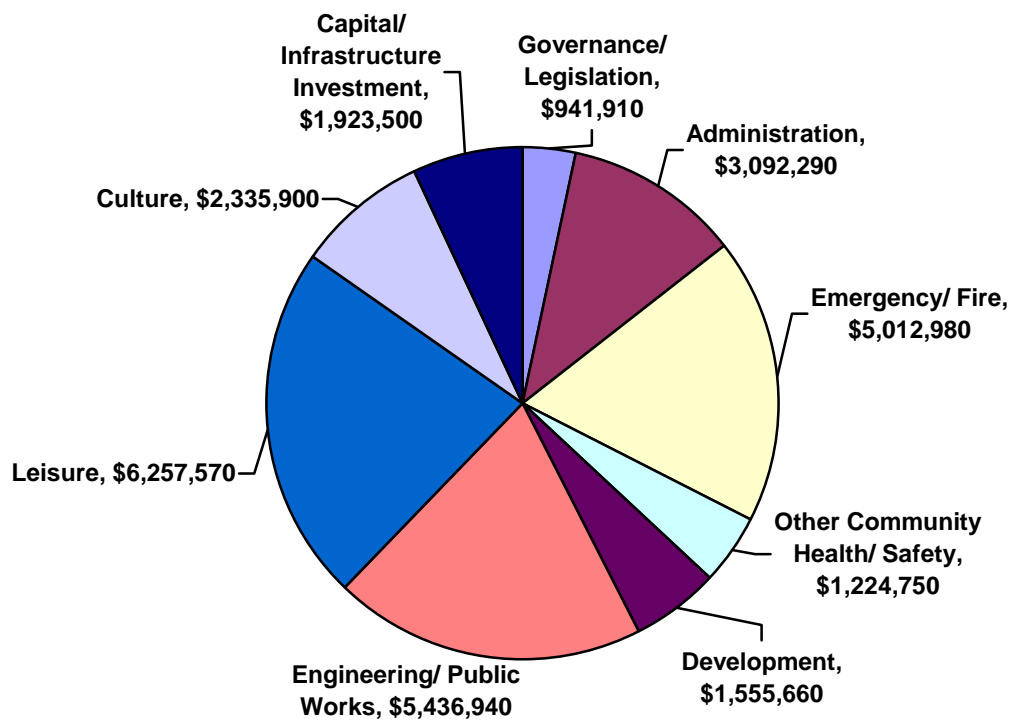
Net Expenditures

After application of current year revenues and prior year approved funding totaling \$26.3 million, it is necessary for the Town to raise net expenditures of approximately \$27.8 from property taxes to fund its annual operations and service delivery.

A detailed list of net expenditures by service delivery category and also by Town department are attached to this report as Appendix #4 and Appendix #5, respectively.

Chart 3 below identifies the net tax levy to be raised by each service delivery category.

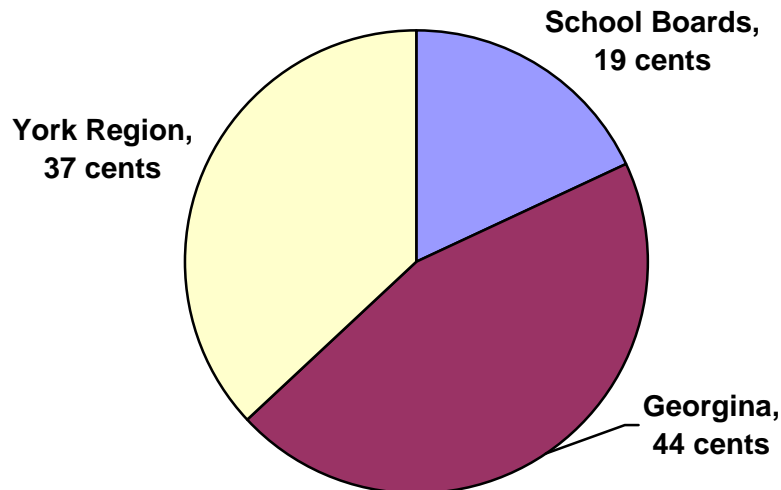
Chart 3
2010 Net Expenditures by Service
\$27.8 Million



2010 Proposed Property Tax Rates

The Town collects property taxes to support the operations of the Town of Georgina, the Region of York, and the Provincial school boards. The recommendations contained in this report apply only to the Town's portion of the overall property tax rates, approximately 45 cents of each residential tax dollar. Chart 4 below identifies the distribution of one dollar of property taxes collected from a residential property.

Chart 4
One Dollar of Residential Taxes



With respect to the Town's overall property assessment base, it is important to note that 93.3% of the Town's budgetary requirements are levied upon its residential and farm property owners, while the Town's businesses account for only 6.7% of the property tax burden.

The 2010 Budget reflects an increase of 3.76% to the Town's share of the tax bill. The Region of York has adopted its 2010 Budget, reflecting a 2010 property tax rate increase of 0%. The Education tax rate to support school boards is established by the Province of Ontario and we have been advised that the 2010 taxation rates have not yet been established, although the Province has announced that the 2009 "notional rates" will be maintained for 2010. Consequently, as discussed at the February 9th Council Budget Review Meeting,

a 2010 property tax rate increase of 0% for School Boards has been assumed in this report.

The total 2010 property tax rate for homeowners reflects a 1.69% increase over 2009.

Table 2 below illustrates a summary of the 2010 change in property taxes for an average single family dwelling in the Town of Georgina. The assessed value of an average single family detached home in Georgina is \$242,500, based on the phased-in assessment for 2010 taxation purposes.

Table 2 – Average Change in Taxation						
	2009 Average CVA = \$230,735		2010 Average CVA = \$242,500			
<u>Levied by:</u>	<u>Tax Rate</u>	<u>Tax Bill</u>	<u>Tax Rate</u>	<u>Tax Bill</u>	<u>Change</u>	
Georgina	0.609362%	\$1,406.01	0.601690%	\$1,459.10	3.7%	\$53.09
York Region *	0.500081%	\$1,153.86	0.475819%	\$1,153.86	0.0%	\$0.00
School Boards *	0.252000%	\$581.45	0.239773%	\$581.45	0.0%	\$0.00
Total Tax Rate	1.361443%	\$3,141.32	1.317282%	\$3,194.41	1.69%	\$53.09

** Tax rates for the Region of York and the School Boards are presented here for illustrative purposes only. Neither the Region of York nor the Province of Ontario had yet established their tax rates for Regional and School Board purposes at the time of this report's preparation. The Region of York has adopted a 0% budget increase and the Province has announced that the 2009 "notional" tax rates will be maintained.*

The assessment base for the 2010 taxation year is based on the phase-in market value of properties as determined at January 1, 2008. The Province of Ontario has mandated that taxation for the 2009 to 2012 taxation years shall be based on a four-year phase-in of assessment value increases resulting from the recent reassessment.

As indicated in Table 2 above, each of the respective tax rates will decrease to compensate for the increase in property assessment values due to the last reassessment of property values from a base date of January 2005 to January 2008. As a whole, property reassessments do not increase property taxes. If a property's assessment increases greater than the average increase, it may be subject to a property tax increase; and likewise, if a property's assessment increases less than the average increase, it may be subject to a property tax decrease.

Inter-Municipal Comparisons

The Town of Georgina participates in the annual municipal study prepared by BMA Management Consulting Inc. This study includes several inter-municipal comparisons that may be used to determine the competitiveness of individual municipalities. The 2009 study included 82 Ontario municipalities.

The Net Municipal Levy per Capita measures the total annual cost to provide services for each of its residents. It is important to note that the tax rate alone does not reflect the true property tax burden to homeowners and businesses, since each municipality has its own unique assessment base. Table 3 below provides a quick comparison of Georgina's 2009 Net Municipal Levy per Capita.

Table 3
2009 Net Municipal Levy per Capita
(Town Share of Taxes Only)

Georgina	Survey Average	Survey Minimum	Survey Maximum
\$1,030	\$1,167	\$784	\$1,805

2010 BUDGET PROCESS:

In December 2009, Council invited interested ratepayers and organizations to provide public input regarding the Town's Operating and Capital Budgets at its regularly scheduled Council meeting held on December 14, 2010. On January 26, 2010, the Town hosted a public information open house to garner input, questions and comments regarding the proposed 2010 Tax Levy Supported Budget.

On February 9, 2010, the Senior Management Team presented the proposed 2010 Tax Levy Supported Budget to Council totalling \$27,314,490, before consideration of specific issues. This equated to an overall residential property tax impact of 1.27%. Staff also presented additional specific budgetary issues totaling \$762,820 for Council's consideration, that could drive the overall property tax increase as high as 2.55%.

At its February 9th meeting, through a detailed review of proposed budget expenditures and revenues, Council proposed net additions for specific budgetary issues totalling \$467,010.

Each of the budgetary adjustments effected during the course of budget review and deliberations have been listed on Appendix #6.

CONCLUSION:

The 2010 Tax Levy Supported Budget is presented to Council for their review and potential adoption of the net tax levy requirement of \$27,781,500, reflecting an overall property tax impact of \$53.09 (1.69% increase) to the homeowner of an average single family detached home.

Recommended by:

Rebecca Mathewson, CGA
Director of Administrative Services and Town Treasurer

Approved by:

Susan Plamondon, B.A., L.L.B.
Chief Administrative Officer

Attachments:

Appendix #1 – Summary of Gross Expenditures by Service Delivery Category

Appendix #2 – Summary of Capital Expenditures

Appendix #3 – Discretionary Reserve Funds

Appendix #4 – Summary of Net Expenditures by Service Delivery Category

Appendix #5 – Summary of Net Expenditures by Department

Appendix #6 – Estimated Property Tax Impact