



2022 BUDGET PUBLIC MEETING

- ▶ April 11, 2022
- ▶ Council Chambers
- ▶ Presented By: Dawn Galusha, Treasurer

BUDGET PROCESS

- ▶ Municipalities exist under the mandate of the Province.
- ▶ Municipal Act and a variety of other Provincial Acts
- ▶ Provincial requirement to prepare a Budget
- ▶ This public meeting will explain:
 - ▶ How the Town is financed
 - ▶ How your tax dollars are applied

2022 BUDGET PROCESS

- ▶ Process began with Management and Administration preparing estimates and then preparing an in-depth review of those estimates
- ▶ The detailed budgets were brought to each executive committee of Council for input
- ▶ A full detailed budget was provided to Council and a Committee of the Whole Meeting was held on February 22.
- ▶ During this meeting Council evaluated and reviewed the challenging requests and approved the 2022 budget.

UTILITIES

- ▶ The Town of Fort Frances also operates 2 utilities:
 - ▶ Water and Sewer
- ▶ The operations of the two Utilities are funded by:
 - ▶ The user fees that they generate
- ▶ They do not affect property tax rates directly
- ▶ Also, the Town is the sole shareholder of the Fort Frances Power Corporation
 - ▶ Electrical rates fully fund the FFPC

SOURCES OF MUNICIPAL REVENUE

- ▶ The Town of Fort Frances has four sources of revenue:
 - ▶ Taxation (including Payment In-Lieu of Taxes)
 - ▶ Conditional and Unconditional Grants
 - ▶ User Fees, Permits, Licenses and Fines
 - ▶ Other revenues such as penalties and interest, rents, sale of land and equipment, etc.

PROPERTY TAXATION

- ▶ Main source of revenue
- ▶ Consists of 2 main components
 - ▶ Tax Base (assessment)
 - ▶ Assessed value of property is determined by the Municipal Property Assessment Corporation (MPAC)
 - ▶ Due to COVID, the Province determined that the Assessment Values would remain at the 2020 values
 - ▶ Tax Rates (Municipal and Education)
 - ▶ Municipal- set by Town Council
 - ▶ Education- set by the Province of Ontario
- ▶ Special charges- Business Improvement Area Charges
 - ▶ Added only to specific areas

PROPERTY TAX RATES

- ▶ Tax Ratios- define the municipal tax rate of each property class in relation to the Residential Tax Ratio of 1
 - ▶ Because the assessments for all properties that did not have a physical change are the same as 2021, the 2022 Starting Ratios would match Revenue Neutral Ratio in most instances.

PROPERTY TAX RATES

- ▶ Property tax rates are set by Town Council based on the estimated revenue needed to operate and maintain town services and its infrastructure
- ▶ Property tax rates are subject to Provincial regulations:
 - ▶ Levy restriction for the Multi-residential, Commercial and Industrial Property Classes

LEVY RESTRICTION OR HARD CAPPING EXPLAINED...

- ▶ Provincial legislation prohibits municipalities from applying municipal levy increases on:
 - ▶ Multi-residential,
 - ▶ Commercial, and
 - ▶ Industrial property classes
- ▶ Where the tax ratio is above the provincial threshold the restricted class cannot be increased by more than 50% of the levy increase applied to non-capped properties



ASSESSMENT

- ▶ MPAC is responsible for determining property assessment valuations based on policies stipulated in the Assessment Act
- ▶ Assessment Act
 - ▶ Amended in 2007
 - ▶ Properties valued every four years, beginning with the 2009 tax year
 - ▶ 2017 began the third 4-year cycle
 - ▶ Assessment increases are phased in over the 4 year period (2017-2020)
 - ▶ Assessment decreases are immediate
- ▶ **Assessment for 2022**
 - ▶ 2022 should have been the second year of the next 4 year assessment cycle. This was deferred due to COVID, so properties have the same assessment as they did in 2020

GRADUATED TAXATION

- ▶ Graduated Taxation was implemented in 2017, with adjustments in 2018
 - ▶ 2 bands
 - ▶ Band #1- \$0-3.6 Million
 - ▶ Band #2- Over \$3.6 Million
- ▶ Provincial tool provided the Town the ability to set a tax rate for Band #1 at a rate of 60% of Band #2
- ▶ Self-funded within the Commercial class and does not shift any further tax burden onto the Residential Property class.

USER FEES

- ▶ The Town has discretion to determine the services for which it will charge a fee. Some examples of fees charged are:
 - ▶ Sports Centre ice rental fees
 - ▶ Landfill site tipping fees
 - ▶ Garbage bag tag fees
 - ▶ Airport landing fees
 - ▶ Building permit & zoning application fees
- ▶ Many fees increased by 4.0% (same as CPI inflationary increase for Sept 2020 to September 2021)
- ▶ Province regulates:
 - ▶ Fees are based on cost recovery not to “make a profit”

USER FEES

- ▶ Council approved by-laws that set out our user fees for 2021 for municipal services and for Water & Sewer rates which were set independently.
- ▶ Water and Sewer rates were revised with a continued view as to:
 1. Impact of Provincial Regulations
 2. Sustain and maintain existing system

LICENCES, PERMITS AND FINES

- ▶ Revenues under this category include:
 - ▶ Business licences
 - ▶ Lottery licences
 - ▶ Building permits
 - ▶ Parking fines
- ▶ Similar to user fees, the Province regulates:
 - ▶ Fees are based on cost recovery not to “make a profit”



MUNICIPAL ACCOMMODATION TAX

- ▶ Effective January 1, 2019- Accommodation providers in the Town were mandated by By-Law to collect and remit a 4% tax on hotel stays
 - ▶ 50% of the collected money will be distributed to the Rainy River Future Development Corporation as the eligible not-for-profit tourism to be used for the exclusive purpose of tourism promotion and development
 - ▶ The other 50% is for the Town to be utilized for tourism and economic development priorities. This year Council will use the funds towards the economic development initiatives.

GRANTS

- ▶ Conditional and unconditional grants from both the Provincial and Federal Governments
- ▶ Ontario Municipal Partnership Fund
 - ▶ Main unconditional grant
 - ▶ \$3,461,900
 - ▶ Increase of \$133,300 or 4% (from 2021 to 2022)
- ▶ Federal and Provincial grants for general operations

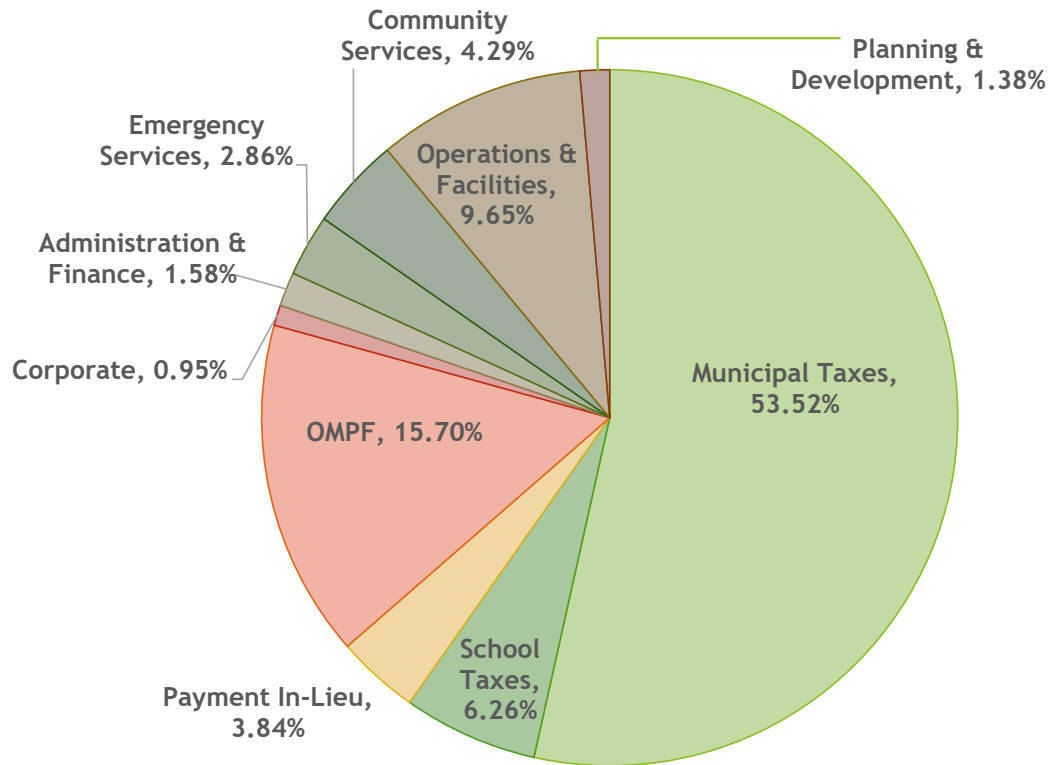
CONDITIONAL GRANTS

- ▶ The Town receives a variety of annual conditional operating grants such as:
 - ▶ \$160,083 Recycling grant (Stewardship Ontario)
 - ▶ \$42,700 Operating grant for the Fort Frances Seniors' Centre
 - ▶ \$71,727 Handi-van Transit (Ministry of Transportation Gas Tax)
- ▶ The Town also receives annual conditional capital grants which fund various road, sidewalk construction projects:
 - ▶ \$490,887 Canada Community Building Fund (Formerly-Federal Gas Tax)
 - ▶ \$1,314,873 Ontario Community Infrastructure Formula Based Funding

SPECIAL PROJECT GRANTS

- ▶ The Town also applies for operational and capital grants for special projects such as:
 - ▶ Connecting Link Funding for road reconstruction projects
 - ▶ OCIF Top-up for road reconstruction projects
 - ▶ New NOHFC programs are available for facility upgrades (ie. Senior's Centre Expansion)
 - ▶ Any other opportunities that arise which will assist with the cost to the Town

2022 BUDGETED REVENUES



Municipal Taxes	11,800,064
School Taxes	1,379,853
Payment In-Lieu	846,852
OMPf	3,461,900
Corporate	209,000
Administration & Finance	348,540
Emergency Services	631,294
Community Services	943,896
Operations & Facilities	2,129,477
Planning & Development	303,436
2022 Revenue	22,057,312

2022 BUDGETED REVENUES

	2021 Budget	2022 Budget	Change
Corporate	\$17,156,197	\$17,697,669	\$ 541,472
Administration & Finance	357,100	348,540	-8,560
Emergency Services (Fire, COVID, OPP)	682,801	631,294	-51,507
Community Services	755,589	943,896	188,307
Operations and Facilities	1,975,244	2,129,477	154,233
Planning and Development	216,770	303,436	86,666
Total	\$21,143,701	\$22,054,312	\$ 910,611

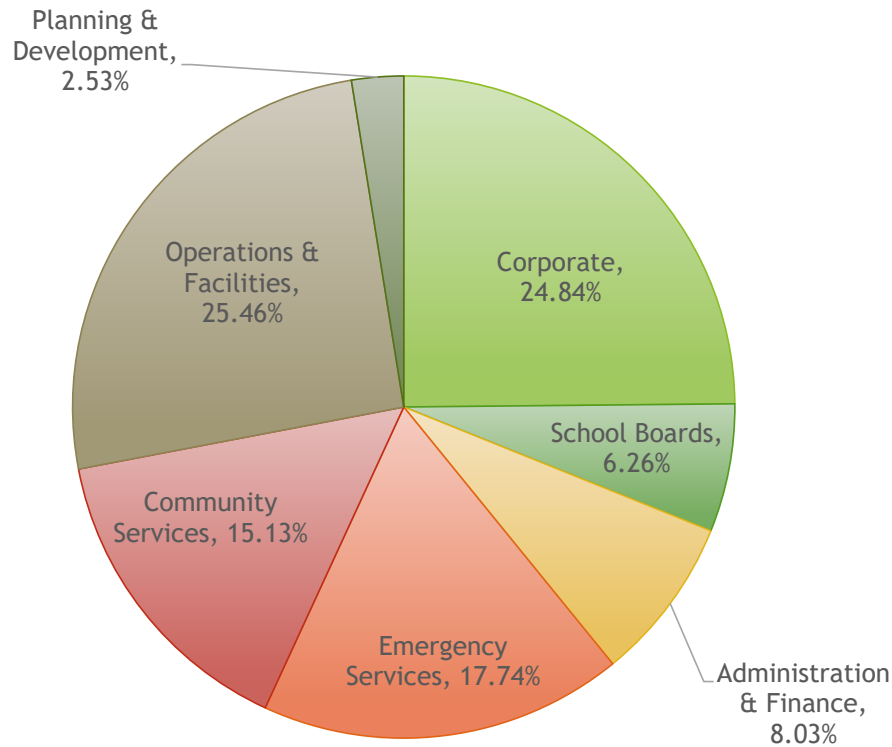
MUNICIPAL EXPENSES and EXPENDITURES

- ▶ Three types of municipal expenses/expenditures:
 - ▶ Operating
 - ▶ Capital
 - ▶ Reserve Fund Contributions
- ▶ Two Broad Categories
 - ▶ Controllable
 - ▶ Administration, Fire and Rescue, Public Works, Museum, Parks, Airport, Handi-Van, By-Law Enforcement, Recreation, Cemeteries, Waste Management, Fort Frances Seniors' Centre
 - ▶ Non-controllable

LONG TERM DEBT

- ▶ Council decision:
 - ▶ Debt
 - ▶ Pay-as-you-go
- ▶ Long Term Debt repayment is part of current operating budget
 - ▶ \$322,911
- ▶ Total debt at the end of 2021 is \$315,410.02 (Principal balance)

2022 OPERATING EXPENSES



Corporate	5,478,904
School Boards	1,379,853
Administration & Finance	1,771,251
Emergency Services	3,912,388
Community Services	3,337,462
Operations & Facilities	5,615,479
Planning & Development	558,975
2022 Expenses	22,054,312

2022 BUDGETED EXPENDITURES

	2021 Budget	2022 Budget	Change
Corporate	\$6,581,294	\$6,858,757	269,811
Administration & Finance	1,635,145	1,771,251	136,106
Emergency Services (Fire, COVID, OPP)	3,984,535	3,912,388	-72,147
Community Services	3,091,889	3,337,462	245,573
Operations and Facilities	5,355,071	5,615,479	260,408
Planning and Development	495,767	558,975	63,208
Total	\$21,143,701	\$22,054,312	910,611

2022 BUDGET SUMMARY

General Division	Revenue	Expenditure	Budget Deficit
Corporate	(\$17,697,669)	\$6,858,757	(\$10,838,912)
Administration & Finance	(348,540)	1,771,251	1,422,711
Emergency Services	(631,294)	3,912,388	3,281,094
Community Services	(943,896)	3,337,462	2,393,566
Operations & Facilities	(2,129,477)	5,615,479	3,486,002
Planning & Development	(303,436)	558,975	255,539
	(22,054,312)	22,054,312	-
Capital Budget	(17,570,975)	17,570,975	-
Water Operating Budget	(3,003,281)	3,003,281	-
Sewer Operating Budget	(2,791,235)	2,791,235	-
	(5,794,516)	5,794,516	-
	(\$45,419,803)	\$45,419,803	-

TAX RATE SUMMARY

The 2022 General Operating Budget results in the following total tax rate (Municipal and Education) increases or reductions as compared to the 2021 tax rates:

3.21% increase for Farmland	3.21% increase for Residential	0.57% increase for Multi- residential	2.87% increase for Commercial	1.72% increase for Industrial	27.10% decrease for Large Industrial	2.92% increase for Pipelines
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For 2022, a reduction of the Large Industrial Tax ratio by one-half of the difference between the 2021 ratio and the Industrial ratio was applied

RESIDENTIAL TAX RATE COMPARISON

Municipal Tax Rates Used

Current Value Assessment	2021	2022	Difference in Tax \$
100,000	1,788.41	1,850.74	62.33
200,000	3,576.82	3701.48	124.66
300,000	5,365.22	5,552.22	186.99

2022 TAX DOLLAR DISTRIBUTION

Contributions to Reserve Funds	15.35
Rainy River District Social Services Administration Board*	14.89
Community Services (Sportsplex, Library, Museum, Daycare, Marina, Sunny Cove)	14.22
Operations & Facilities (Roads, Cemeteries, Parks, Airport, Waste Management)	13.32
Police*	12.45
School Boards*	10.47
Fire/911 Services	5.87
Administration/Council/ Economic Development	5.62
Northwestern Health Unit*	2.90
Long-Term Debt	2.45
Planning & Development (Including By-law)	1.94
Local Hospital Doctor Recruitment	0.52
	<u>\$100.00</u>

\$40.71 of every \$100 is for uncontrollable services/costs*

\$59.29 of every \$100 is for services controlled by the municipality

2022 UNCONTROLLABLE EXPENSES

	2021 Budget	2022 Budget	Change
Health Unit	\$ 377,954	\$ 381,992	\$ 4,038
RRDSSAB	1,923,520	1,962,082	38,562
Policing Contract	2,706,631	2,654,708	-51,923
Total	\$ 5,008,105	\$ 4,998,782	\$ -9,323

RESERVE AND RESERVE FUNDS

- ▶ Critical component of the Town's Long-Term financial plan
- ▶ Provides financing of capital assets
- ▶ Building of Reserve Funds is primarily accomplished through:
 - ▶ the allocation of annual operating surpluses
 - ▶ Operational budget allocations
 - ▶ To sustain asset management strategies
- ▶ 2022 General Operating budget allocates
 - ▶ \$2,022,900 to Corporate Vehicles/Equipment, Projects, and Building reserve funds
 - ▶ \$23,360 to Post Landfill Closure reserve fund
- ▶ Water and Sewer Operating Budgets allocate any surplus to Waterworks & Sanitary Sewer Reserve Funds, and \$17,982 to Water meter Replacement Reserve Fund. In addition, Contributions to Capital projects from the W&S Operating Budgets account for \$2,608,016
- ▶ The Federal Gas Tax Capital funding of \$490,887 is also directed to reserves.

RESERVE AND RESERVE FUNDS

Reserve Funds (as of Dec 31/21)	\$20,342,798
2022 Estimated Interest Earned	107,890
2022 Estimated Transfers to Reserves	5,134,168
2022 Estimated Transfers from Reserves	<u>-9,136,346</u>
Subtotal	16,448,510
Reserve for Working Capital	<u>1,500,000</u>
Total Reserve & Reserve Funds	\$17,948,510

ADDED COSTS vs. EFFICIENCIES

- ▶ COVID-19 has changed the way we do business in many ways- unfortunately, in some areas, such as Community Services and cleaning, we have not seen efficiencies, but rather additional costs. This mostly is presented in the form of additional sanitization and cleaning.
- ▶ Fuel prices have risen and significantly effect the added costs
- ▶ Efficiencies allow a service to continue in a less expensive manner
 - ▶ ie. Less human and equipment resources
- ▶ Asset Management Plan
 - ▶ Funding to bring the Plan to a current status
 - ▶ Future budgeting decisions to be made based on the Asset Management Plan
- ▶ The Town continues to seek additional efficiencies.

CURRENT ECONOMIC SITUATION

- ▶ Council has a difficult task of:
 - ▶ Balancing the needs of the community,
 - ▶ Maintaining acceptable service levels,
 - ▶ Making every effort to strengthen the local economy,
 - ▶ While providing fairness in taxation and value in service to our residents
- ▶ COVID-19 has impacted the community, Province, Country and World in significant ways in order to limit the spread of the virus.
- ▶ The future of the Large Industrial Class tax base for mill properties is still unknown- this is a great opportunity for the Town to be reinvented
- ▶ Escalating operating costs- Salaries, benefits, heat, hydro, repairs
- ▶ Aging infrastructure and growing infrastructure deficit

QUESTIONS or COMMENTS

► Thank you!

