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Date: February 13, 2017
To: Mayor and Council
Author: Sandra Zwiers, Director of Financial Services
RE: 2017 Budget Update #3
Report No.: FS-2017-006

AIM

To provide council with an update of information affecting the proposed 2017 Draft Budget.

BACKGROUND

At the close of deliberations on January 31, 2017, the proposed municipal residential tax increase was 4.8%.

DISCUSSION

In addition to the items to be deliberated on in the Budget Change #2 report, the following items require consideration from council:

1. Engineering Costs for Bridge Work in Future Years – Municipal Services is requesting \$90,000 in budget funds to pre-engineer bridges that will need to be replaced / rehabilitated in 2018. (New Capital Budget Lines 70 and 71)
2. BIA Reserve Allocation for Facelift Grant – Attached are the unadopted minutes of the BIA Board Meeting approving a motion to reallocate general BIA reserves to the Facelift Program in the amount of \$3,000 to match the amount granted by the Town as part of the Kingsville Community Grant Program. These funds have been reflected as a transfer from the Facelift Reserve in the 2017 BIA Budget and have no impact on the proposed tax rate.
3. Lakeview Avenue Streetlights – Budget Update #2 identified the need to budget for the completion of streetlight work and to use carry over Gas Tax Funds from 2016. The reconciliation of the 2016 Gas Tax is now complete and 100% of the funds require application in 2016, leaving no remaining balance to carry forward to 2017. This funding source has been removed from the draft 2017 budget. (Capital Budget Line 66)
4. CWATS – Kings9 and Kings13B – Information obtained from the County of Essex and our Municipal Services Manager has resulted in a total reduction of approximately \$265,000 in tax funding required to complete the 2017 trail work. These two items in the capital budget (Lines 10 and 11) have been adjusted

accordingly. Please note the presentation now reflects only the town's share of the total project cost.

5. Animal Control – Information obtained through our council and administrative representatives indicate the need to increase our share of the pound costs by \$3,446.
6. 2016 Surplus – The estimated surplus from 2016 is \$500,000. This amount is primarily due to savings in wages from vacancies in municipal services, winter control spending, increased net supplemental revenues and OPP savings. The surplus is recommended to be allocated as follows:
 - a. \$250,000 towards the General Working Capital / Budget Stabilization Reserve
 - b. \$225,000 towards lowering the proposed 2017 tax rate increase
 - c. \$25,000 towards the Police Budget

LINK TO STRATEGIC PLAN

To encourage leadership and management that will provide the direction to achieve our goals and maximize the effectiveness of our strategies.

FINANCIAL CONSIDERATIONS

The proposed change in the 2017 tax rate can be summarized as follows:

Taxation as of January 31, 2017	\$	15,082,685
Bridge Studies	\$	90,000
Lakeview	\$	100,000
CWATS Changes	\$	(265,141)
Dog Pound Change	\$	3,446
Surplus	\$	(500,000)
Budget Stablization Res	\$	250,000
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Taxation as of February 17, 2017	\$	14,760,990
(Decrease) / Increase	\$	(321,695)
		-2.3%

At the close of deliberations on January 31, 2017 the proposed municipal residential tax increase was 4.8%. Based on the changes summarized above, a 2.3% decrease lowers the proposed 2017 tax rate to 2.5%.

The County tax rate increase has been approved and has been included in the draft budget at an increase of 1.76%.

The 2017 Education Rates are unknown at the time of preparing this report. 2016 rates have been included for deliberation purposes.

The overall proposed tax rate increase, assuming no change in the education rates is 1.9%, an increase of \$48.67 on a home valued at \$200,000.

CONSULTATIONS

Ryan McLeod, CPA, CA, Manager of Financial Services
Senior Management

RECOMMENDATION

That council receives the changes made to the draft budget since January 31, 2017 and considers them as part of deliberations on February 22, 2017.

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA
Director of Financial Services

Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
Chief Administrative Officer