



Municipal Budget Primer

Town of Gravenhurst



Outline

- Governments: Who Does What?
- The Budget
- Tax Rates and Tax Bills



Who Does What?



Government In Canada

- Different levels of government deliver different services
- Generally speaking the more over-arching the service, the higher the level of government responsible:
 - The Federal government is responsible for national defence
 - The Town (municipality) is responsible for local roads
- Municipalities are created through Provincial legislation
- Provincial and Federal governments, through transfer payments provide some financial support to municipalities. This has decreased over the years.
- The primary source of revenue for municipalities is property taxes

The Government Landscape

- **Federal government:**
 - Defence, foreign diplomacy, international trade, census
- **Provincial government:**
 - Health, education, drivers licenses
- **Municipal – two tiers:**
 - **District of Muskoka:** Garbage collection, water, sewer, paramedic services, community-based health and wellness services, district roads, services for the vulnerable
 - **Town of Gravenhurst:** Property tax collection, building permits, recreation services, library, fire services, local roads



Test Your Knowledge Town of Gravenhurst Services?

Service	Y/N
Swim Programs at Gull Lake	Y
Media and Programs at the Library	Y
Fire Protection	Y
Building Inspection and Permits	Y
Issuance of Marriage Licenses	Y
Operation of Mickle Cemetery	Y
Snow Clearing on Pineridge Gate	Y
Pot-Hole Repair on Pine Street	Y
Following up on Animal Complaints	Y
Sidewalks on Muskoka Road South	Y
Issuance of Tax Bills and Tax Collection	Y



Test Your Knowledge Town of Gravenhurst Services?

Service	Y/N
Managing the Muskoka Airport	N
Garbage collection and recycling	N
Nutrition and Wellness Programs	N
Addiction & Mental Health Support	N
Affordable Housing Initiatives	N
Land ambulance response	N
Policing in our Community (OPP)	N
Youth Employment Programs	N
Seniors Programs and Services	N
Affordable Child-Care Options	N

Note: All these services are delivered and/or funded by the District of Muskoka



2020 Budget Survey Summary

- Top three services:
 1. Fire Protection/Prevention
 2. Town Road Network and Maintenance
 3. Snow Clearing
- A majority of respondents want all services identified in the survey to be maintained or increased
- 4 of 10 respondents were unaware that more than half of their property taxes go to the school boards and the District
- Good spread across Town. Resident split of respondents was 60% Year Round and 40% Seasonal
- Top three sources of local news:
 1. Gravenhurst Banner
 2. Town social media
 3. Word-of-mouth
- Specific comments have been forwarded to appropriate departments. Surprisingly a number of comments re. District services and areas outside of the Town sphere of responsibility



The Budget



Background

- A budget is an estimate of expenditures and revenues to deliver services to the community in the fiscal year
- Fiscal Year = Calendar Year i.e. Jan 1 to Dec 31
- Municipal budgets are required by the Municipal Act
 - Part VII – Financial Administration
- Municipal budgets may be approved either prior to, or during, the budget year
- While the Federal and Provincial governments may budget for deficits (i.e. plan to spend more money than they collect in revenues), a municipality **MUST** have a balanced budget
- A municipality must address any budgetary shortfall at year-end either by raising taxes or funding it from reserves

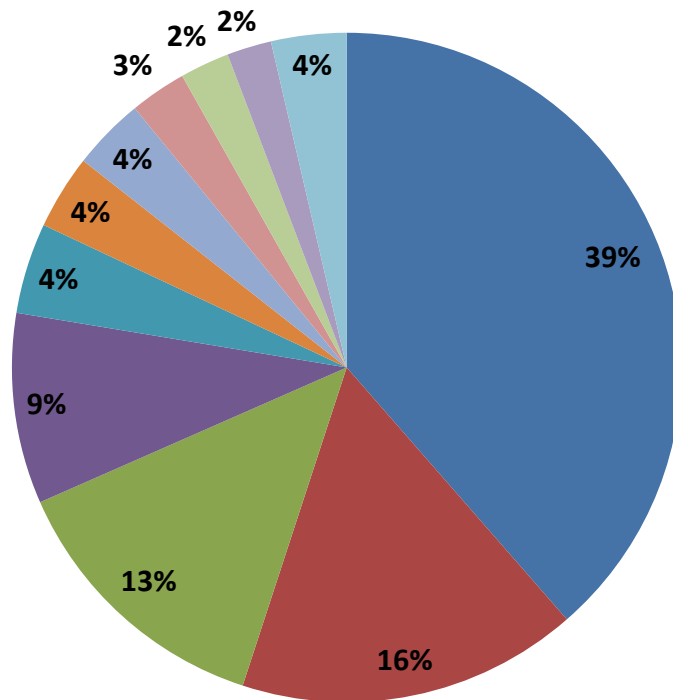
The Budget

- It is the single largest policy decision made by Council annually
- Through the budget Council establishes the work-plan for the organization, provides funding for capital reserves, pays down debt and funds the activities of the Town
- In more tangible terms, the budget enables the:
 - provision of day-to-day services in the community, e.g. snow-clearing or building inspection (through the Operating Budget)
 - improvement, repair, maintenance of Town assets, e.g. Centennial Centre, local roads (through the Capital Budget)
 - establishment of a tax rate for property owners



2020 Operating Budget

Gross Expenditures \$24.0 million

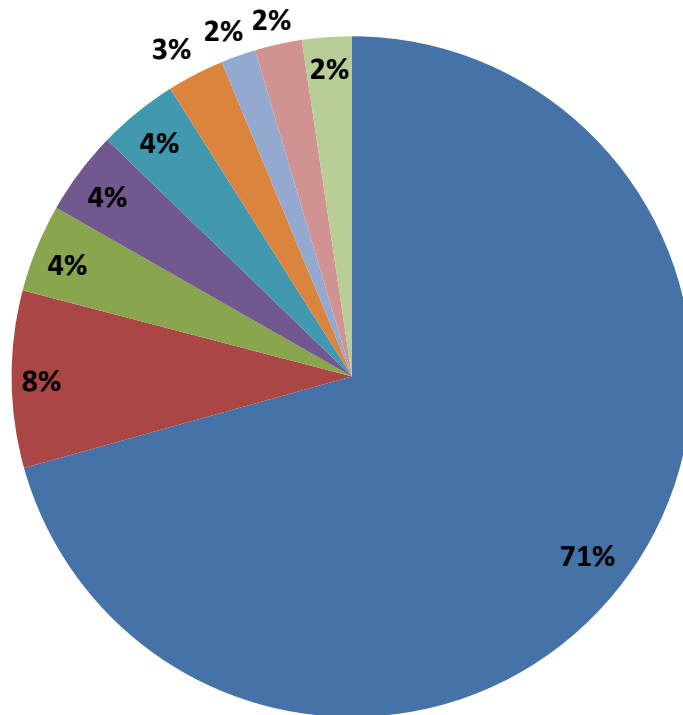


- Staff Costs - \$9.3 million
- Long Term Debt - \$4.0 million
- Contributions to Reserve - \$3.2 million
- Contracted Services - \$2.2 million
- Materials & Equipment - \$1.1 million
- Fleet/Equipment Charges - \$0.9 million
- Utilities - \$0.8 million
- Mgmt/Performance Fees - \$0.7 million
- Insurance - \$0.6 million
- Information Technology - \$0.5 million
- Other - \$0.9 million



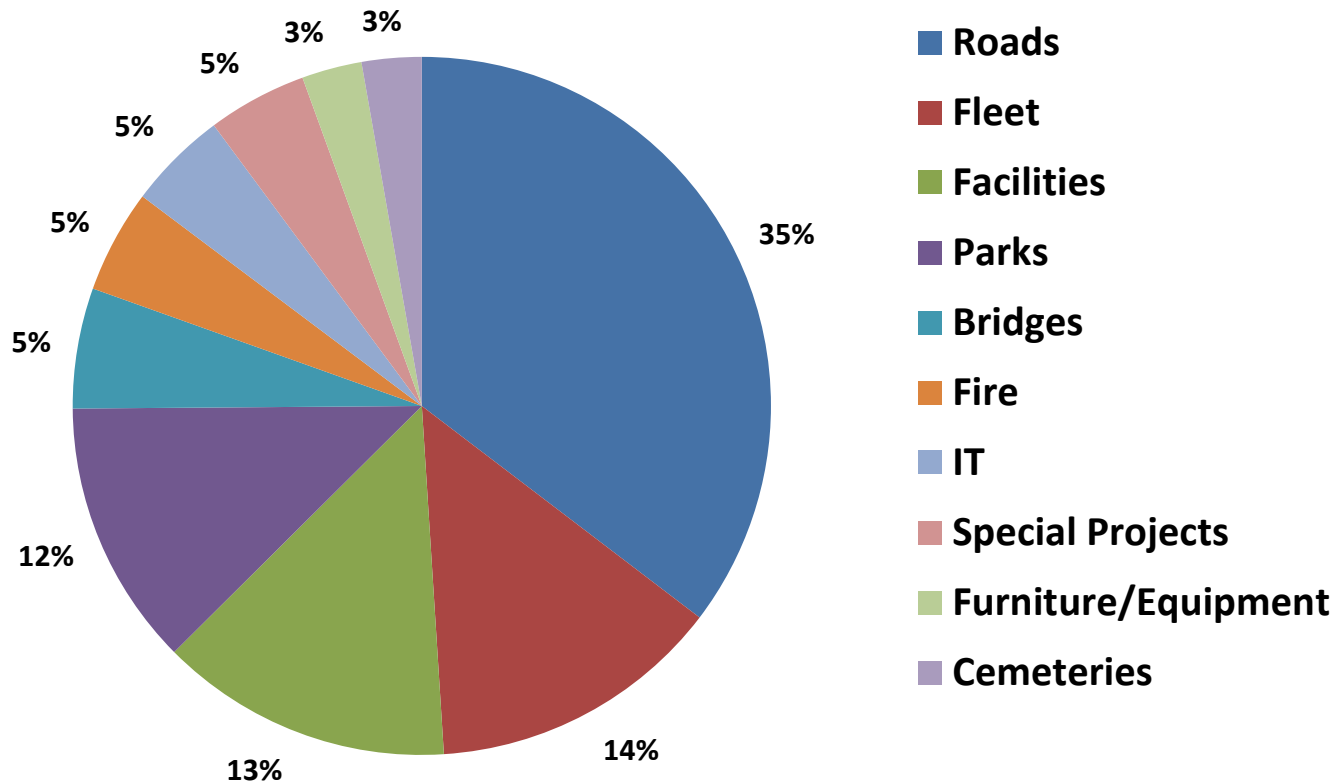
2020 Operating Budget

Gross Revenues \$24.0 million



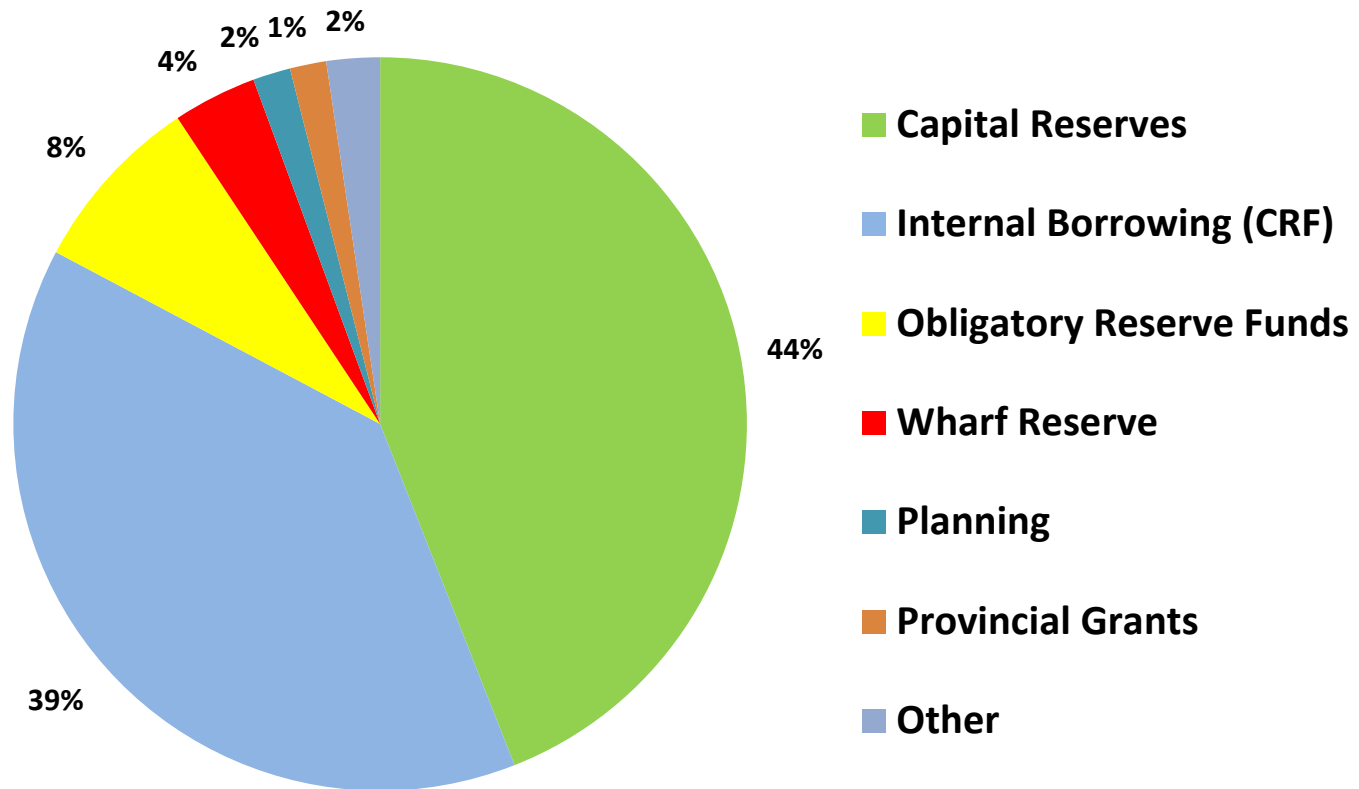
- Property Taxes - \$17.0 million
- Federal/Provincial Grants - \$2.0 million
- External Recoveries - \$1.0 million
- Internal Recoveries - \$1.0 million
- Facility/Arena Rentals - \$0.9 million
- Building & Other Permits - \$0.7 million
- Tax Penalties & Interest - \$0.4 million
- Planning & Other Fees - \$0.5 million
- Other - \$0.6 million

2020 Capital Budget Expenditures \$6.4 million



2020 Capital Budget

Capital Financing \$6.4 million





Tax Rates and Tax Bills



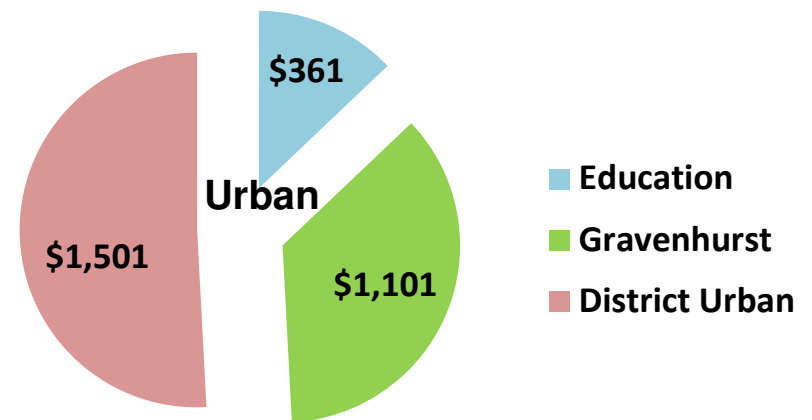
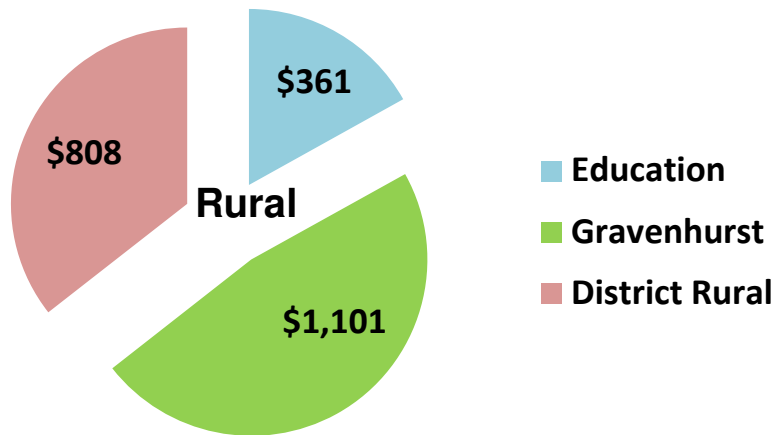


Share of Town Property Tax Bill

- Collection of property taxes is the responsibility of the Town of Gravenhurst
- However a majority of the funds collected are not used to fund Town services
- The Town of Gravenhurst collects property taxes for three different entities: the Town, the District of Muskoka and the School Boards
- Upon collection the Town forwards to the District of Muskoka and the School Boards to fund their services:
 - 52% of the taxes on a rural property tax bill; and;
 - 63% of the taxes on an urban property tax bill
- The Town of Gravenhurst keeps to fund Town services:
 - 48% of a rural Town of Gravenhurst property tax bill; and;
 - 37% of an urban Town of Gravenhurst property tax bill

Share of Town Property Tax Bill

for a median single family home
assessed at \$236,000



Note: Rural properties do not pay District water and sewer levies

How Property Taxes Are Calculated

- Property Assessment x Tax Rate = Property Taxes
- Property assessment is established by MPAC (Municipal Property Assessment Corporation) which is independent from the Town of Gravenhurst
- Every four years MPAC does a re-assessment based on market and other factors. Property values may go up or down
- If the assessment for a property changes by:
 - more than the average assessment for that property class in Gravenhurst taxes payable on the property will increase. This increase is spread over 4 years.
 - less than the average assessment for that property class in Gravenhurst taxes payable on the property will decrease. This decrease is immediately applied.
- **Many queries about large property tax increases are directly related to changes in assessment and not the tax rate**



How Tax Rates Are Determined?

Everyday Terminology	Budget Terminology	2020 Budget
How much money do I need?	Gross Expenditures	\$ 24.0 million
What revenues do I have?	Gross Revenues	\$ 7.0 million
Amount to collect in taxes	Net Budget	\$ 17.0 million
Increase from 2019	Net Tax Levy Increase	5.8%
More taxpayers contributing towards the tax bill	Assessment Growth	- 3.0%
Increase in Town share of the tax rate	2020 Tax Rate increase	2.8%
Increase to property tax bill*	2020 Increase	0.2 to 0.5%

* Assuming no change in assessment from year to year



Where Your Town of Gravenhurst Property Tax Dollar Goes

