

**County of Prince Edward
2010 Budget Executive Summary
February 2, 2010**

The 1st draft of the 2010 Operating Budget and the 2nd draft of the Capital Budget are presented in the budget binder. Operating Budgets have been provided for each of the four commissions. Each commission section contains a summarized Budget followed by department Budgets. A Budget narrative has been provided for most departments. This narrative provides a summary of the department's Responsibilities, Activities, 2009 Accomplishments, 2010 Action Plan and 2010 Budget Overview.

The 2010 Budget has been prepared on a "Status Quo" basis meaning that the draft Budget will provide sufficient funding to maintain municipal services at the same level as delivered in 2009. Requests for budget enhancements can be found at the end of each of the Operating Budget sections. These enhancements are not included in the 2010 Operating Budget and will be presented for Council's consideration at the February 2nd meeting.

Section 2 contains an updated Capital Budget to include the capital projects approved at the December 10, 2009 meeting. An updated list of priority projects is provided. More information can be found in the Capital Budget and Funding Summary narrative.

Net to be Raised

The draft 2010 Budget has significant financial challenges. The most significant is the loss of Ontario Municipal Partnership Fund (OMPF) grants in the amount of \$973,600 (Additional Assistance Grant - \$744,800, Assessment Equalization Grant - \$228,800). The following is a summary of the Net to be Raised by the municipal tax levy to fund the 2010 Budget:

	Net to be Raised		
	2009	2010	Increase / (Decrease)
	\$	\$	\$
Operating Budget	22,230,746	24,360,183	2,129,437
Capital Budget	535,264	372,600	(162,664)
Total	22,766,010	24,732,783	1,966,773

The total of the Operating and Capital Budgets has increased by 8.6% versus the 2009 Budget.

Schedule 1 attached provides the 2010 Budget on a Commission basis.

Increased Assessment

The increase in assessment for the 2010 Tax Year due to growth is \$40,398,362, an increase of 1.58%. The following is a summary of assessment growth by property class:

Property Class:	2009 as Returned	2009 as Revised (with 2009 Growth)	Growth	
	Jan 1, 2009	Dec 31, 2009	Value	Percent
Residential/Farm	2,204,024,395	2,240,490,959	36,466,564	1.65%
Multi - Residential	29,394,540	29,598,640	204,100	0.69%
Commercial Occupied	112,947,802	116,012,374	3,064,572	2.71%
Commercial Excess/Vacant Land	4,557,601	4,587,160	29,559	0.65%
Industrial Occupied	16,624,059	17,047,194	423,135	2.55%
Industrial Excess/Vacant Land	610,399	413,765	(196,634)	32.21%
Pipeline	4,306,000	4,333,789	27,789	0.65%
Farmlands	178,787,515	179,078,079	290,564	0.16%
Managed Forest	1,028,123	1,116,836	88,713	8.63%
Total	2,552,280,434	2,592,678,796	40,398,362	1.58%

The above assessment increase is strictly new assessment due to real growth prior to the return of the roll in December 2009. The growth assessment will provide \$378,858 in additional tax revenue.

The 2010 taxation year is the second year of the four-year assessment cycle and phase-in program that the Province introduced for the 2009 taxation year. The new assessment will be based on property values as of January 1, 2008. The table below shows the phase-in by class for 2010 versus 2009 (after growth).

Property Class:	2009 as Revised (with 2009 Growth)	2010 Assessment Role (Includes CVA Phase In)	Growth	
	Dec 31, 2009	Jan 1, 2010	Value	Percent
Residential/Farm	2,240,490,959	2,406,208,158	165,717,199	7.40%
Multi - Residential	29,598,640	30,548,894	950,254	3.21%
Commercial Occupied	116,012,374	121,180,393	5,168,019	4.45%
Commercial Excess/Vacant Land	4,587,160	4,727,905	140,745	3.07%
Industrial Occupied	17,047,194	17,684,985	637,791	3.74%
Industrial Excess/Vacant Land	413,765	434,910	21,145	5.11%
Pipeline	4,333,789	4,487,526	153,737	3.55%
Farmlands	179,078,079	191,145,061	12,066,982	6.74%
Managed Forest	1,116,836	1,289,223	172,387	15.44%
Total	2,592,678,796	2,777,707,055	185,028,259	7.14%

The above assessment growth is due to the phase in of Current Value Assessments (CVA). The average market value assessment increase for all property classes is 7.14% in 2010 and 7.40% for Residential/Farm properties.

Tax Levy

The following is a summary of the tax levy increase based on the draft Budget:

Net to be Raised	<u>24,732,783</u>
2009 Tax Levy	22,766,013
2010 Taxes to be raised - Real Growth	<u>378,858</u>
2010 Tax Levy with no Tax Increase	<u>23,144,871</u>
Tax Levy Increase required to fund draft budget	6.86%

In 2009 the tax rate (Residential) for municipal purposes was 0.00930558. To raise the 2010 tax levy required to fund the 2010 Draft Budget a tax rate for municipal purposes of 0.00928340 is required- a .024% reduction.

The following is the potential municipal tax impact on a residential property:

2009 Assessment	100,000	150,000	200,000	250,000	300,000
2010 Assessment (adjusted for average residential CVA increase)	107,396	161,095	214,793	268,491	322,189
2009 Municipal Taxes	930.56	1,395.84	1,861.12	2,326.40	2,791.67
2010 Municipal Taxes	997.00	1,495.51	1,994.01	2,492.51	2,991.01
Increased Annual Municipal Taxes	66.45	99.67	132.89	166.12	199.34

The 2010 Education Tax Rate has not been announced.

Budget Pressures

OMPF

The following table summarizes the reduction of OMPF funding and how OMPF funding has been distributed to departments in the Budget (and restated for 2009).

	OMPF Funding		
	2009	2010	Funding Increase / (Decrease)
	\$	\$	\$
1) Assessment Equalization Grant	228,800	-	(228,800)
2) Rural Communities Grant	1,960,800	1,961,100	300
3) Rural Social Programs Grant	917,900	180,900	(737,000)
4) Police Services Grant	867,200	1,024,400	157,200
5) Additional Assistance Grant	744,800	-	(744,800)
Total	<u>4,719,500</u>	<u>3,166,400</u>	<u>(1,553,100)</u>

OMPF has been allocated to the following Department Budgets in 2010:

Administration/CAO's Office (2)	-	1,961,100
Police Services Board (4)	867,200	1,024,400
External Agencies (Social Services) (3)	917,900	180,900
Administration (2009) (1), (2) & (5)	<u>2,934,400</u>	-
	<u>4,719,500</u>	<u>3,166,400</u>

The Additional Assistance Grant for 2010 (\$744,800 in 2009) has been eliminated by the Province. In 2010 the County's assessment per household exceeded the threshold amount set by the province and no funding will be received in 2010 (\$228,800 in 2009). The loss of these grants has increased the tax levy by 4.21%.

The Rural Communities Grant remains the same in 2010 as received in 2009.

The Rural Social Programs Grant has been offset by the uploading of Social Assistance Costs by the Province and the impact will be further discussed in the Social Services section.

The Police Services Grant has increased by \$157,200 and the impact will be further discussed in the Police Services section.

Social Services

The following table summarizes Social Services costs, the loss of OMPF funding, and transfers from reserves.

	<u>2009</u>	<u>2010</u>	<u>Budget Increase/ (Decrease)</u>
Social Services Transfers to Lennox & Addington (2010 Preliminary)	3,893,722	3,094,000	(799,722)
OMPF - Social Services Funding	(917,900)	(180,900)	737,000
Transfer from Social Services Contingency Reserve	(173,000)	(111,020)	61,980
Transfer from Contingency Reserve	<u>(296,522)</u>	<u>(406,800)</u>	<u>(110,278)</u>
Net Social Services Levy	<u>2,506,300</u>	<u>2,395,280</u>	<u>(111,020)</u>

The reduction of OMPF funding has been offset by reduced Social Services costs which are the result of uploading Social Assistance Costs to the Province.

Substantial borrowing from Reserves is required in 2010 to reduce the impact of Social Services costs. The 2009 Budget adopted a plan to reduce the impact of Social Services costs by borrowing from reserves. The amounts borrowed will be repaid from future decreased Social Services costs created by provincial uploads. In 2009 the County received \$111,020 from the 2008 Social Service surplus. This amount was transferred to the Social Services Contingency Reserve to be used in 2010. The \$406,800 transfer from the Contingency Reserve is less than the \$494,000 anticipated in the 2009 Budget. It is still anticipated that the amounts borrowed from the Contingency Reserve will be repaid by 2014. A further report will be provided regarding the repayment to the Contingency Reserve with the next draft of the Budget.

Police Services

The effect of the new OPP contract and OMPF funding are summarized as follows:

	<u>2009</u>	<u>2010</u>	<u>Budget Increase / (Decrease)</u>
OPP Contract	3,960,793	4,277,578	316,785
OMPF - Police Services Grant	<u>(867,200)</u>	<u>(1,024,400)</u>	<u>(157,200)</u>
Net Increase in Policing Costs	<u>2,506,300</u>	<u>2,395,280</u>	<u>159,585</u>

The net increase in Policing Costs has increased the tax levy by 0.69%.

Wages & Benefits

A summary of wages and benefits is attached (Schedule 2). This summary provides the total wage and benefits cost by department and provides a breakdown of the number of employees by full-time, part-time and contract or other and the number of full time equivalents (FTE's).

Staffing has increased by one position - the new GIS Coordinator position in Information Technology. The Long Term Planner and Senior Planner positions in the Planning Department are funded for the full year in 2010. Both positions were funded for nine months in the 2009 Budget. Wages have been adjusted for anticipated COLA increases and benefits are based on 2010 costs.

Budgeted wages and benefit costs increase by 2.7% in 2010 versus 2009. The increase in wages and benefits has increased the tax levy by 1.81%.

Other Pressures

All external agency budgets have not been submitted for 2010. Those not submitted include the Health Unit (2% increase budgeted), Land Ambulance (2.5% increase budgeted) and Social Services (budgeted \$3,094,000 as per Lennox & Addington preliminary budget numbers).

A 5% increase in insurance costs has been budgeted based on discussions with our broker. The 2010 renewal (effective April 1, 2010) has not been received.

A Budget for the 2010 Election is included in Corporate Services. The \$89,365 net cost of the Election is a \$69,365 increased cost versus the 2009 Budget which included a transfer to the Election Reserve in the amount of \$20,000.

Budget Format

The 2010 Budget has been organized in the Binder as follows:

- 1) Executive Summary- includes this summary.
- 2) Capital Budget & Funding
 - a. Capital Budget Overview
 - b. Capital Spending and Funding Summary
 - c. Capital Spending and Funding Summary- by Department
 - d. Capital Project Detail Sheets
- 3) Planning & Building Services Operating Budget
 - a. "Commission" Budget
 - a. Budget Narrative
 - b. Department Budgets
- 4) Recreation, Parks & Culture Operating Budget

- a. "Commission" Budget
 - b. Budget Narratives
 - c. Department Budgets
 - d. Requests for Operating Budget Enhancements
- 5) Public Works Operating Budget
- a. "Commission" Budget
 - b. Budget Narratives
 - c. Department Budgets
 - d. Requests for Operating Budget Enhancements
- 6) Corporate Services Operating Budget
- a. "Commission" Budget
 - b. Budget Narratives
 - c. Department Budgets
 - d. Requests for Operating Budget Enhancements

If you are updating your Binder please note that each section (i.e. for different tabs in the binder) are separated by a coloured sheet of paper. Each page is numbered with the section number first and then the page number. Pages are also dated.

The Budget Increase / (Decrease) column in the draft Budgets provides the dollar change versus the 2009 Budget. An increase indicates increased expenditures or decreased revenues. A decrease indicates decreased expenditures or increased revenues. The "%" column provides the percentage that the amount of the Budget Increase or Decrease is in relationship to the 2009 Budget amount. Please note that in some circumstances the negative or positive "sign" attached to the percentage is incorrect. There is a formula problem that has not been resolved.

Conclusion

The 2010 Draft Budget as presented requires a municipal tax levy in the amount of \$24,732,783 an increase of 6.86% after adjusting for 2009 assessment growth.

Respectfully submitted,



James Hepburn
Treasurer



M. Susan Turnbull
Commissioner of Corporate Services and
Finance

County of Prince Edward
 2010 Budget Executive Summary - Schedule 1
 2010 Draft Budget

	2009 ACTUAL YTD	2009 Approved Budget	2010 Draft Budget	Budget Increase (Decrease)	%
Planning Services					
Total Revenues	(1,240,510)	(1,436,835)	(1,419,925)	16,910	1.2%
Total Expenditures	2,186,365	2,494,766	2,639,393	144,627	5.8%
Total Planning Services	945,855	1,057,931	1,219,468	161,537	15.3%
Recreation, Parks, and Culture					
Total Revenues	(1,095,842)	(920,275)	(940,114)	(19,839)	-2.2%
Total Expenditures	4,332,494	4,291,794	4,422,180	130,386	3.0%
Total Recreation, Parks, and Culture	3,236,652	3,371,519	3,482,066	110,547	3.3%
Public Works					
Total Revenues	(4,829,464)	(5,952,664)	(5,511,134)	441,530	7.4%
Total Expenditures	13,598,358	14,860,693	14,576,415	(284,278)	-1.9%
Total Public Works	8,768,894	8,908,029	9,065,281	157,252	1.8%
Corporate Services					
Total Revenues	(15,151,381)	(15,291,134)	(13,709,965)	1,581,169	-10.3%
Total Expenditures	23,817,471	24,184,401	24,303,333	118,932	0.5%
Total Corporate Services	8,666,090	8,893,267	10,593,368	1,700,101	19.1%
Net Operating To Be Raised	21,617,491	22,230,746	24,360,183	2,129,437	9.6%
Net Capital to Be Raised	8,703,946	535,264	372,600	(162,664)	-30.4%
TOTAL CAPITAL AND OPERATING TO BE RAISED	30,321,437	22,766,010	24,732,783	1,966,773	8.6%
TAXES RAISED	(22,766,003)	(22,766,013)	(24,732,783)	(1,966,770)	8.6%
BALANCE REMAINING	7,555,434	(3)	0	(3)	

County of Prince Edward

2010 Budget Executive Summary - Schedule 2

Wages & Benefits Summary

2010 Draft Budget

DEPARTMENT:	Wages & Benefits			Increase(Decrease)		Employees			
	2009 Actual	2009 Budget	2010 Budget	2010 Budget vs 009 Budget		Full Time	Part Time	Contract or Other	FTE
				\$	%				
Council	304,351	304,460	313,182	8,722	2.9%	-	-	16	16.00
Clerks Office			343,070	343,070		4	-	1	4.07
Administration	1,725,763	1,748,900	376,800	(1,372,100)	-78.5%	3	-	-	3.00
Treasury			856,000	56,000		13	-	1	13.29
Human Resources			266,900	266,900		3	-	-	3.00
Information Technology	218,988	221,760	297,000	75,240	33.9%	4	-	-	4.00
Economic Development	267,833	289,500	231,864	(57,636)	-19.9%	2	-	3	4.25
BIA	39,188	87,158	48,100	(39,058)	-44.8%	-	-	1	1.00
Fire	1,168,320	1,147,064	1,281,522	134,458	11.7%	9	-	140	17.07
McFarland Home	4,056,241	4,059,178	4,202,962	143,784	3.5%	43	42	-	68.79
Police Services	25,692	28,900	28,680	(220)	-0.8%	-	-	1	0.55
Planning	588,316	672,000	725,900	53,900	8.0%	9	-	1	9.66
Building	436,194	460,533	42,500	(8,033)	-1.7%		-	1	6.33
By-Law	73,862	84,060	81,920	(2,140)	-2.5%	1	-	-	1.00
Canine	143,632	133,006	130,860	(2,146)	-1.6%	2	1	-	2.20
Parking	48,505	49,795	49,795	-	0.0%	1	-	-	1.00
Crossing Guards	10,918	11,721	11,989	268	2.3%	-	2	-	0.38
RPC-General Admin	220,957	222,040	220,848	(1,192)	-0.5%	3	-	-	3.00
Arenas, Parks & Exhibition Grounds	586,126	590,746	623,365	32,619	5.5%	7	6	11	13.74
Halls	74,585	83,346	88,735	5,389	6.5%	-	10	-	3.43
Museums	217,502	223,200	234,300	11,100	5.0%	1	3	8	3.86
Recreation & Culture	160,977	156,400	165,740	9,340	6.0%	2	-	3	2.15
Properties	298,572	314,698	317,912	3,214	1.0%	4	-	1	4.25
Engineers Office & Transportation OH	585,441	693,980	647,080	(46,900)	-6.8%	7	1	-	6.30
Roads & Winter Control Maintenance	1,638,405	1,622,319	1,656,247	3,928	2.1%	31	14	10	37.40
Equipment	337,439	326,000	326,000	-	0.0%	5	-	-	5.00
Waste Management	256,201	263,250	277,140	13,890	5.3%	1	13	-	6.20
Water & Wastewater Services	1,194,981	1,308,555	1,288,706	(19,849)	-1.5%	18	-	1	18.25
Roads Capital- Labour	509,194	207,700	185,000	(22,700)	-10.9%				
TOTAL	15,188,184	15,310,269	15,730,117	419,849	2.7%	178	92	199	259.17

Prince Edward County 2010 Draft Budget- Executive Summary Schedule 3 Glossary of Terms

Assessment

Market value of a property as established for various classes of property by the Municipal Property Assessment Corporation (MPAC).

Assets

Historical cost of defined resources of the municipality such as land, buildings, vehicles, cash etc.

Annual Operating Budget

The financial operating plan for the municipality that establishes annual revenue and expense estimates for a function, service or program. The Municipal Act requires that a municipality pass an operating budget on an annual basis. The operating budget establishes municipal priorities and goals for the current year.

Annual Capital Budget

A yearly program with expenditure estimates adopted by Council covering longer term and one-time expenditures for fixed assets that qualify as Capital Assets using the accounting guidelines developed for Tangible Capital Assets

Capital Financing

The source of revenue to fund the capital expenditure plan including: pay as you go, long term borrowing, reserve and reserve funds and grants.

Capital Plan

A multi-year capital expenditure and financing plan setting out the long term financial requirements of the municipality. This program enables Council to determine long term expenditure priorities.

Capital Project

A capital project or item is an expenditure of funds that for items that qualify as Capital Assets. This excludes the ongoing general maintenance of assets, and in the case of improvements, it should substantially increase the life of the asset or increase the capacity or efficiency of the asset.

Debt

Value of all outstanding debentures or other debt financing issued by the municipality.

Debt Repayment

The principal and interest payments necessary to retire outstanding debt arising from capital expenditures.

Grant

A financial contribution from the provincial or federal government to support a particular function, service or program. With the exception of the Ontario Municipal Partnership Fund (OMPF), most grants are conditional in nature.

Investment Income

Investment earnings arising from the investment of the County's positive cash flow.

Payments in Lieu of Taxes (P.I.L.)

Payments made to the municipality by federal and provincial government institutions that have properties situated within municipal boundaries. Since statutes exempt public buildings from the payment of property taxes, the payment in lieu of taxes is intended to compensate the municipality for the provision of municipal services.

Property Taxes

Property taxes are the main source of revenue for funding municipal services. Tax rates are expressed as a percentage and are calculated for each property class based on the net taxation requirement of the municipality and the assessment values of properties within its boundaries. The tax rate multiplied by the assessed value of a property results in the property tax owed to the municipality.

Reserve/Reserve Fund

Reserves and reserve funds have designated purposes and are created through the specific authorizations of Council. All earnings from the investment of reserve funds must form part of the reserve fund.

Revenue

Sources of income received by the municipality for the fiscal year.

Supplementary Assessment – Supplementary assessment results from new properties being brought onto the assessment rolls during the year.

Surplus

An excess of revenues over expenditures.

Tax Rate

A rate, set for each property class, used to determine the amount of property tax revenue owing to the municipality. Taxes on individual properties are calculated by multiplying a property's current value assessment (CVA) by the applicable tax rate.

User Fees

Fees charged by the municipality for the use of its services (i.e. ice rental fees, water and waste water charges, and fees for various city permits).

Terms Used in General Ledger Print Outs

Communications

Telephone systems, cell phones, postage.

Cost Recovery

Recovery of costs that are charged to other areas for services.

Data Processing

Computer hardware, software and license fees, as well as high speed internet connections for the various municipal buildings.

Equipment Rental County

Costs associated with use of county equipment to pay for equipment and replacement reserve.

Equipment Rental – Offices

Photo copiers, postage meters etc.

Equipment Rental – Site Work

Rental of outside equipment.

Professional Development:

Staff educational training, conferences and seminars.

Professional Services

Consulting services, surveyors etc.

Promotion

Promotional materials or events.

Site Repairs and Maintenance

Includes the property maintenance for the facilities such as grass cutting and snow plowing.