

Township of King

“Draft”

2019 Operating Budget (2020-2022 Forecast)
2019-2022 Capital Budgets

Presentation to Committee of the Whole
March 18, 2019



Township of King 2019 Budget

Direction from Council

per initial Draft presented February 25, 2019



Township of King

2019 Operating Budget

* Targets relating to:

- **2019 Net Tax Levy Increase no greater than 2.30%** ✓
 - after assessment growth (@ 4.0%)
- 2019 Water & Wastewater Rates ✓ (presented/approved in Dec 2018)
 - Region of York approved 9% annual increase (2016-2020)
 - Township must incorporate wholesale increase into retail rate
- User fees & charges ✓ (presented/approved in Dec 2018)
 - Inflationary adjustment (@ 2.5%)
- Maintain Service level standards (SLS) ✓

Township of King 2019 Budget

CONTEXT

Township of King 2019 Budget

- * Factors influencing property taxes:
 - **Net tax Levy requirements (2018 to 2019)**
 - proposed increase in net tax levy requirements + **2.30%**
 - **Change in property assessment values**
 - **New construction @ + 4.0 %**
 - ✓ Residential, Commercial, Industrial, Institutional
 - **Phase-In Assessment (toward 2020 Destination Value)**
 - ✓ Estimated change in phase-in assessment for 2019 @ + **6.5%**
 - ❖ Valuation date = January 1, 2016
 - ❖ Destination valuation date = January 1, 2020

Township of King 2019 Budget

* Taxable Assessment for the 2019 Taxation Year

Taxable Assessment	2018	2019	% Change
Residential	7,625,021,165	8,449,448,104	10.81%
Farm	545,881,768	589,123,197	7.92%
Commercial	293,455,984	327,730,454	11.68%
Other	127,607,836	139,065,338	8.98%
TOTAL (All classes)	8,591,966,753	9,505,367,093	10.63%
Assessment Growth relating to new construction			4.07%
Estimated incremental assessment related to Phase-In (2017-2019)			6.56%

2019 Budgets at a Glance

Operating Budget	\$ Millions
Gross Expenditures	\$ 42.265
Gross Revenues	\$ 41.589
2019 Increase in Net Levy Requirement	+ \$ 0.676
Proposed Net Tax Levy Increase (Township portion only)	2.30%
Impact on home assessed at \$835,500 (2019) with an increase of 6.50% over 2018 (Township portion only)	+ \$ 50.95

Capital Budgets (2019-2022)	\$ Millions
2019 Capital Budget Proposed funding from Taxation >	\$ 29.4 M \$ 4.6 M or 15.65%
2020 Capital Budget Proposed funding from Taxation >	\$ 40.3 M \$ 4.6 M or 11.41%
2021 Capital Budget Proposed funding from Taxation >	\$ 29.1 M \$ 4.6 M or 15.81%
2022 Capital Budget Proposed funding from Taxation >	\$ 27.0 M \$ 4.6 M or 17.04%
Summary of sources of Funding	
Reserve & Reserve Funds	\$ 96.4 M or 76.6%
Taxation	\$ 18.6 M or 14.8%
Debentures	\$ 10.8 M or 8.6%



Township of King 2019 Budget

STRATEGY

Township of King 2019 Budget

- * **Predictability of Tax Rates – Area municipal level**
 - Assessment Growth – new construction (2019 @ 4.07% vs 2018 @ 3.41%)
 - Property Tax Rates for 2019-2022 taxation years
 - Responsible forecast for increases in net tax levy requirements
 - 2.30% (2019), 2.60% (2020), 2.65% (2021) and 2.75% (2022)
 - Balance impacts of phase-in assessment values by combination of:
 - ✓ moderate downward the applicable tax rates by assessment class
 - ✓ appropriation from tax rate stabilization reserve
- * **Importance of infrastructure related reserve contributions**
 - Infrastructure deficits occur when asset management programs (to maintain, rehabilitate and reconstruct) are inadequately funded
- * **Impacts on service level standards – no adverse changes**

Township of King 2019 Budget

* Financial Sustainability

➤ Multi-year Budgeting (2019-2022)

▪ through the end of the current term of Council

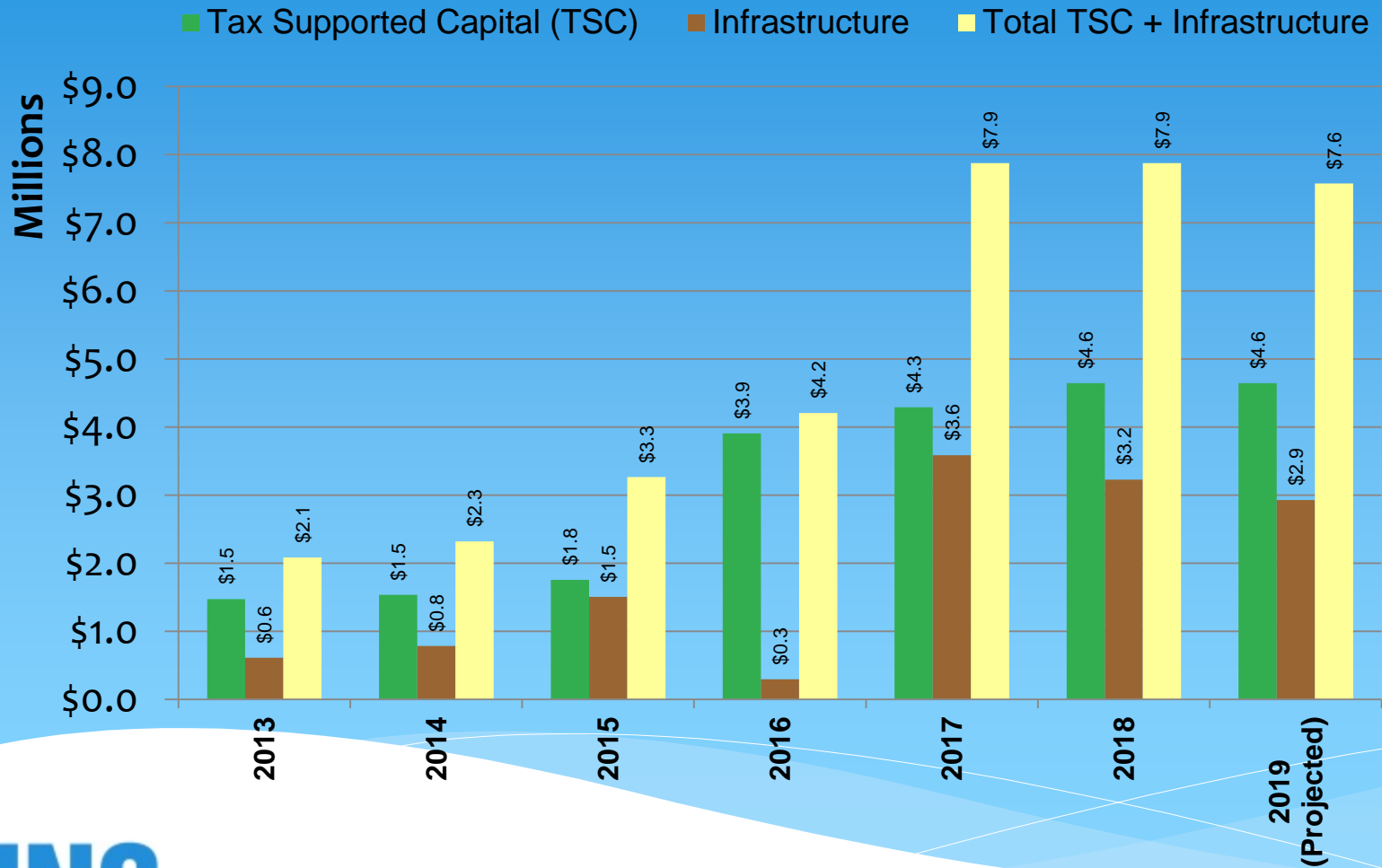
- ✓ 2019 + 2.30% (Tax Rate Stabilization Reserve Contribution = \$ 50K)
- ✓ 2020 + 2.60% (Tax Rate Stabilization Reserve Contribution = \$325K)
- ✓ 2021 + 2.65% (Tax Rate Stabilization Reserve Contribution = \$475K)
- ✓ 2020 + 2.75% (Tax Rate Stabilization Reserve Contribution = \$675K)

Total Draw from Tax Rate Stabilization Reserve (2019-2022) = \$1,525,000

- Projected Tax Rate Stabilization Reserve balance @ Dec 2018 = \$1.2 M
- Incremental sources of property taxation (supplementary taxes)

2015	\$ 837,386	2016	\$ 391,840
2017	\$ 1,018,936	2018	\$ 1,465,398

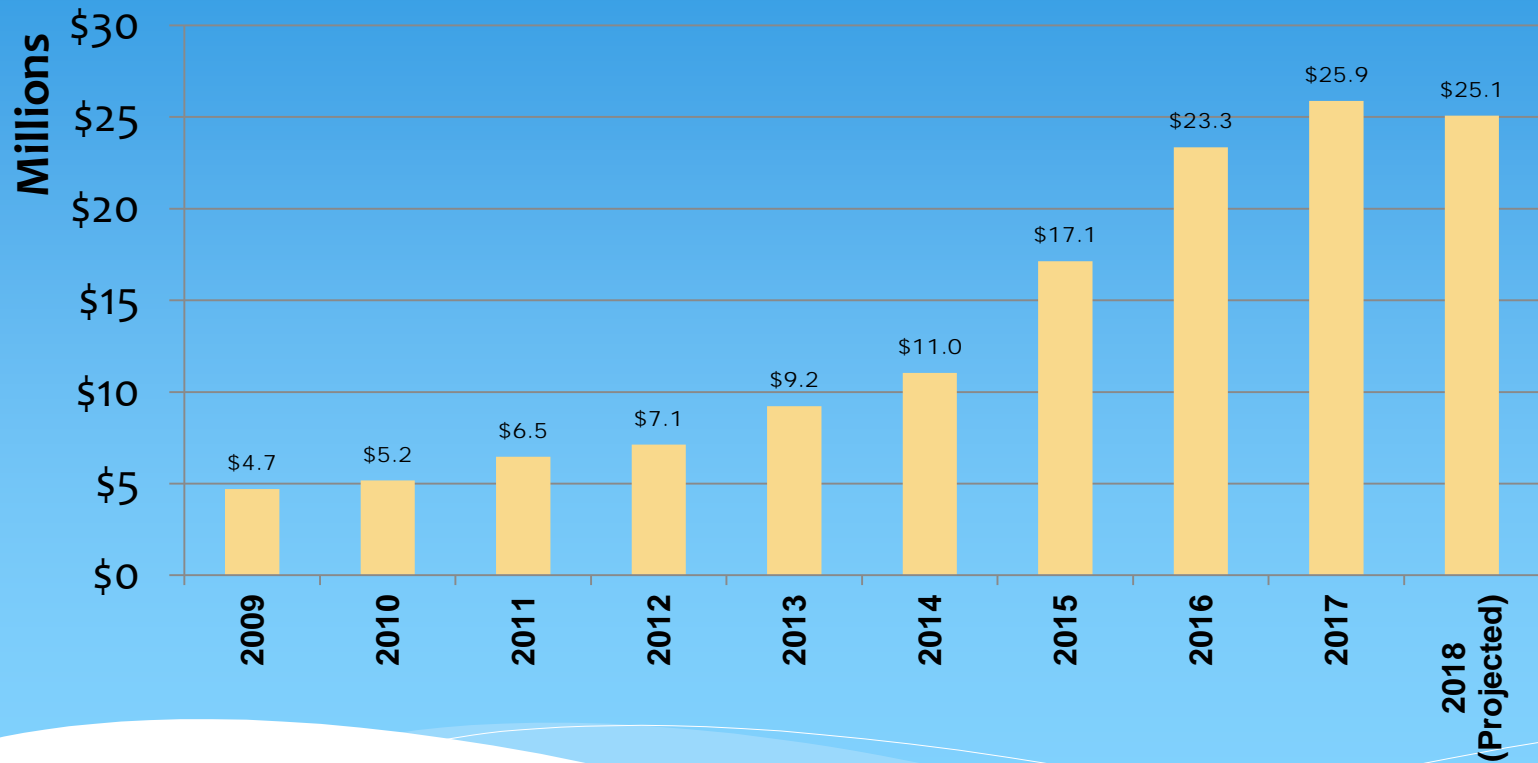
Contributions to Tax Supported Capital & Infrastructure Reserves 2012 – 2018 Actual and 2019 Projected



Reserves

December 31, 2009 to December 31, 2018

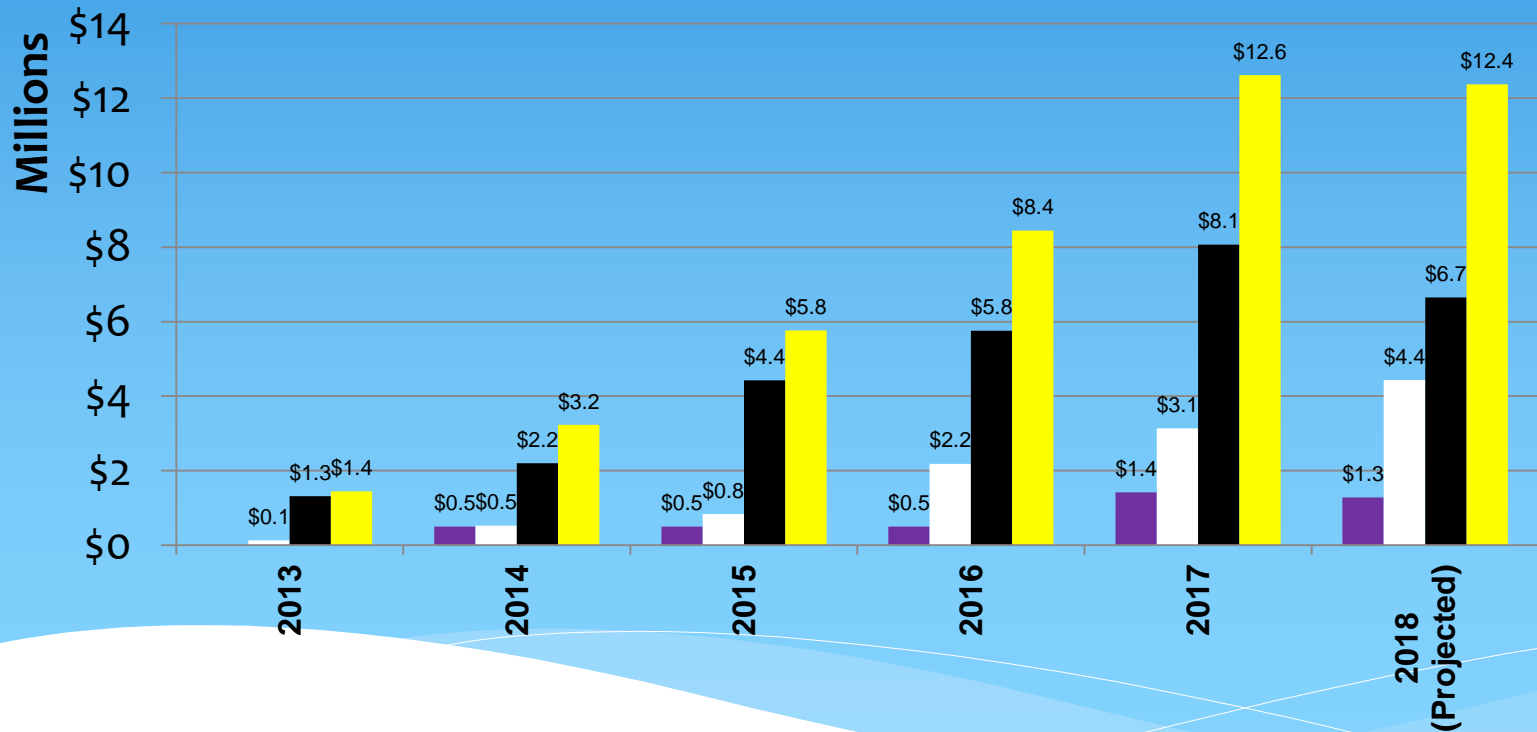
All categories



Reserves (Infrastructure related)

December 31, 2013 to December 31, 2018

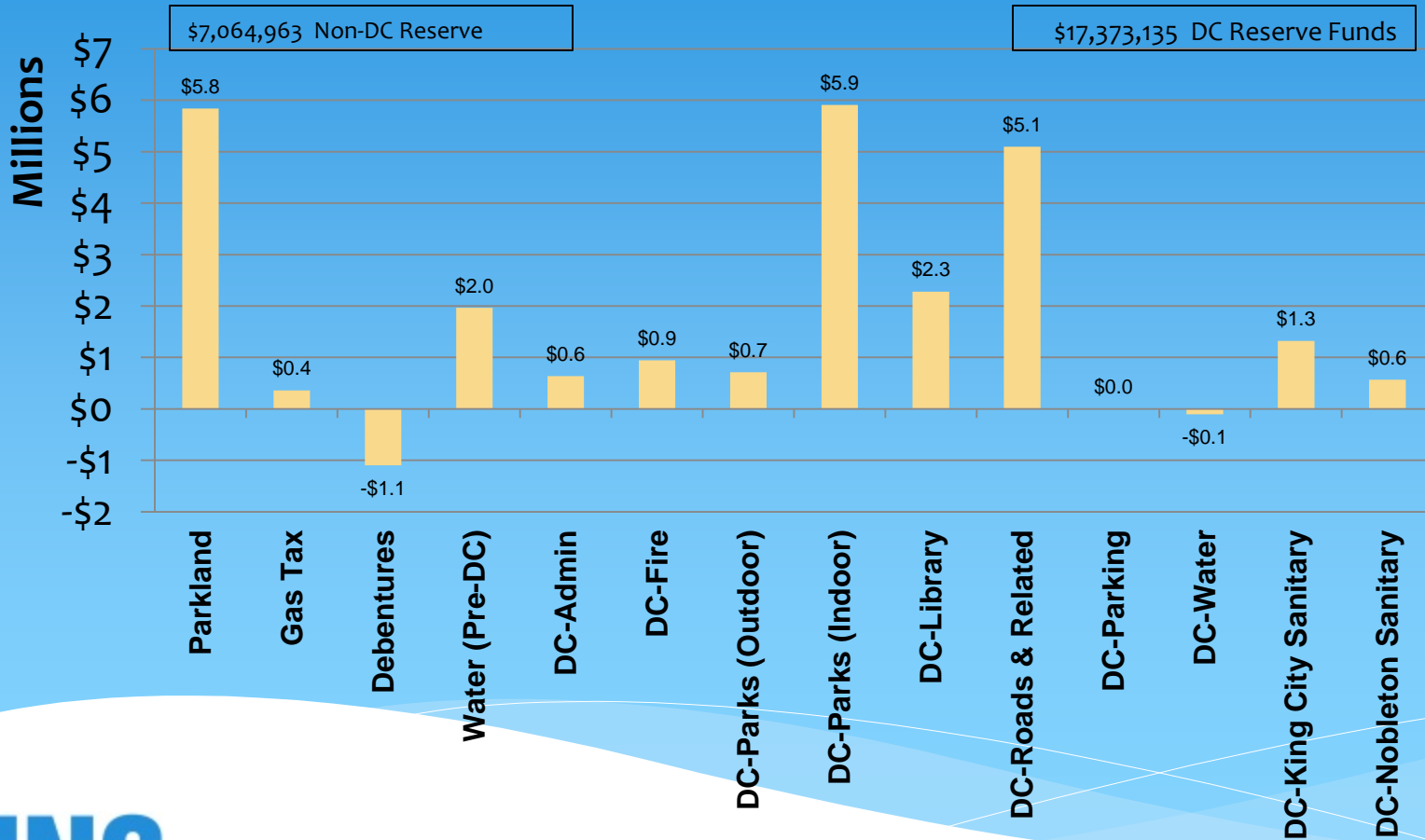
- Unfinanced Capital
- Tax Capital
- Infrastructure
- Total Infrastructure Reserves



Reserve Funds

as at December 31, 2017

All categories @ \$24,438,099



Township of King 2019-2022 Budgets

2019-2022 Capital Budgets

Township of King 2019-2022 Budgets

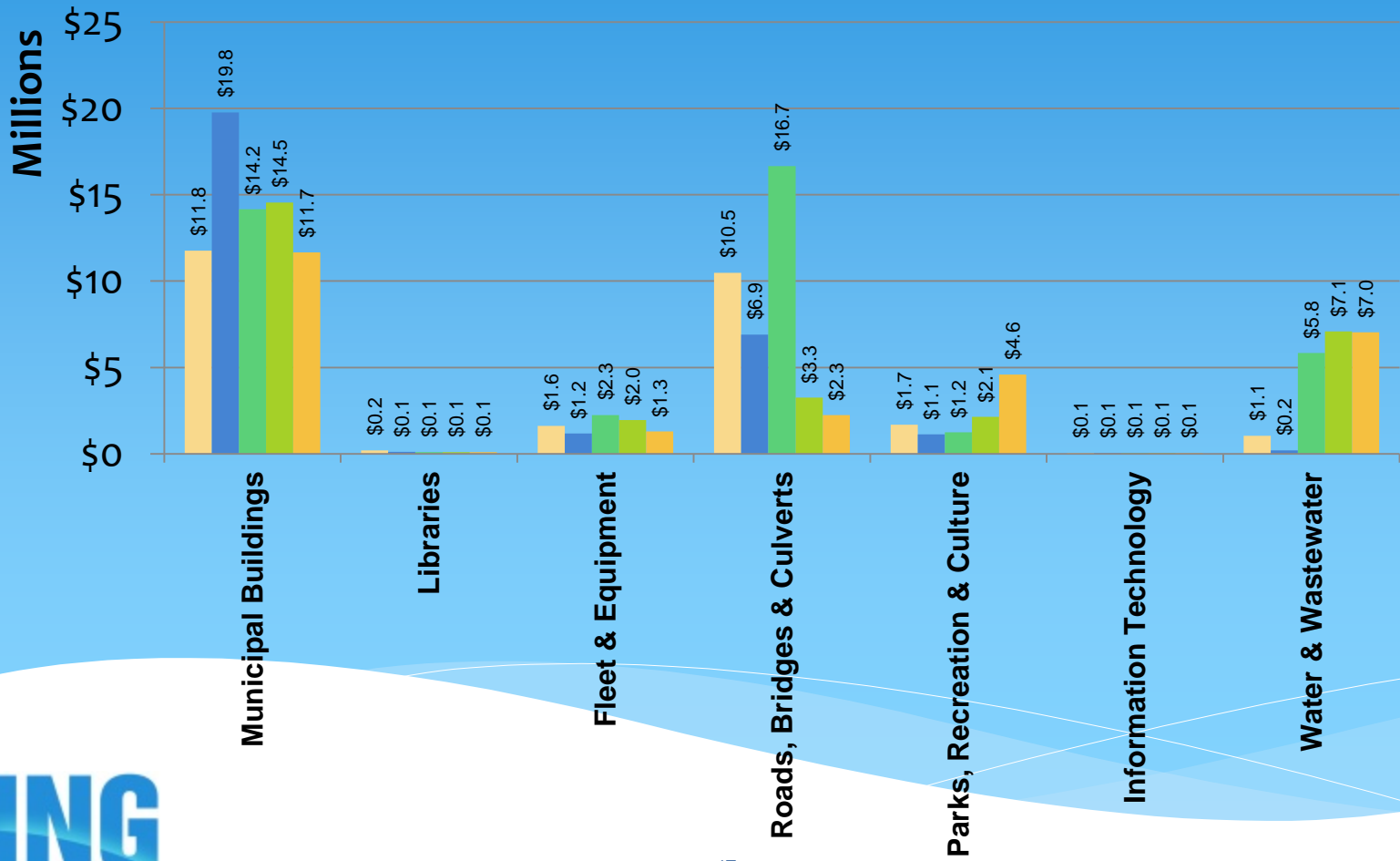
Proposed 4-Year Capital Budget Program

- 2019 - 2022 Fiscal Years
 - ✓ to the end of the current term of Council
 - ✓ Combined Gross Capital Cost > \$125.8 million
 - ✓ Total Number of Capital Projects = 138

Approved 2018 and Proposed 2019-2022 Capital Programs

2018 (\$40.9M) 2019 (\$29.4M) 2020 (\$40.3M) 2021 (\$29.1M) 2022 (\$27.0M)

Gross Capital Cost 2018 2019 2020 2021 2022

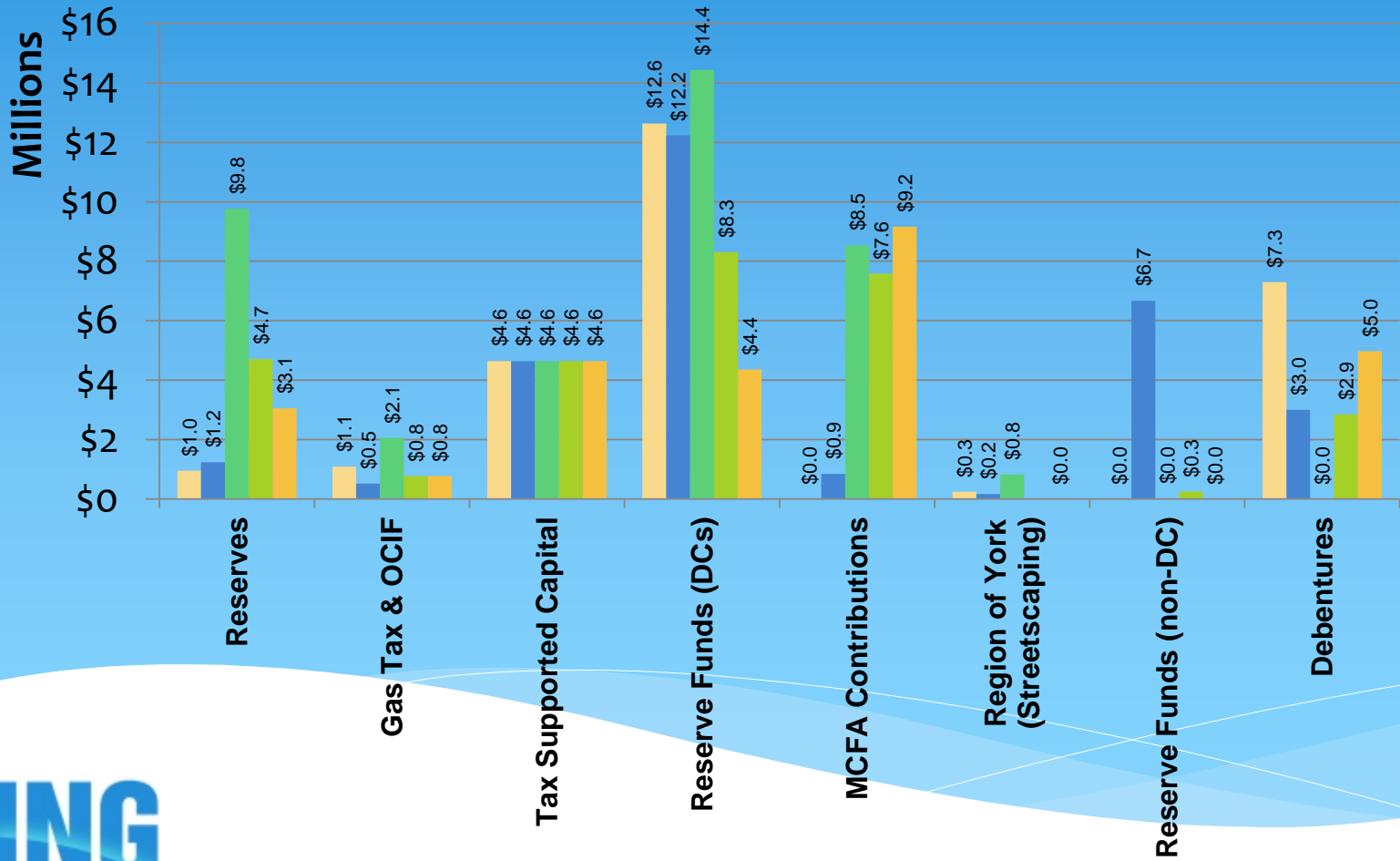


Approved 2018 and Proposed 2019-2022 Capital Programs

2018 (\$40.9M) 2019 (\$29.3M) 2020 (\$40.3M) 2021 (\$29.1M) 2022 (\$27.0M)

Sources of Funding

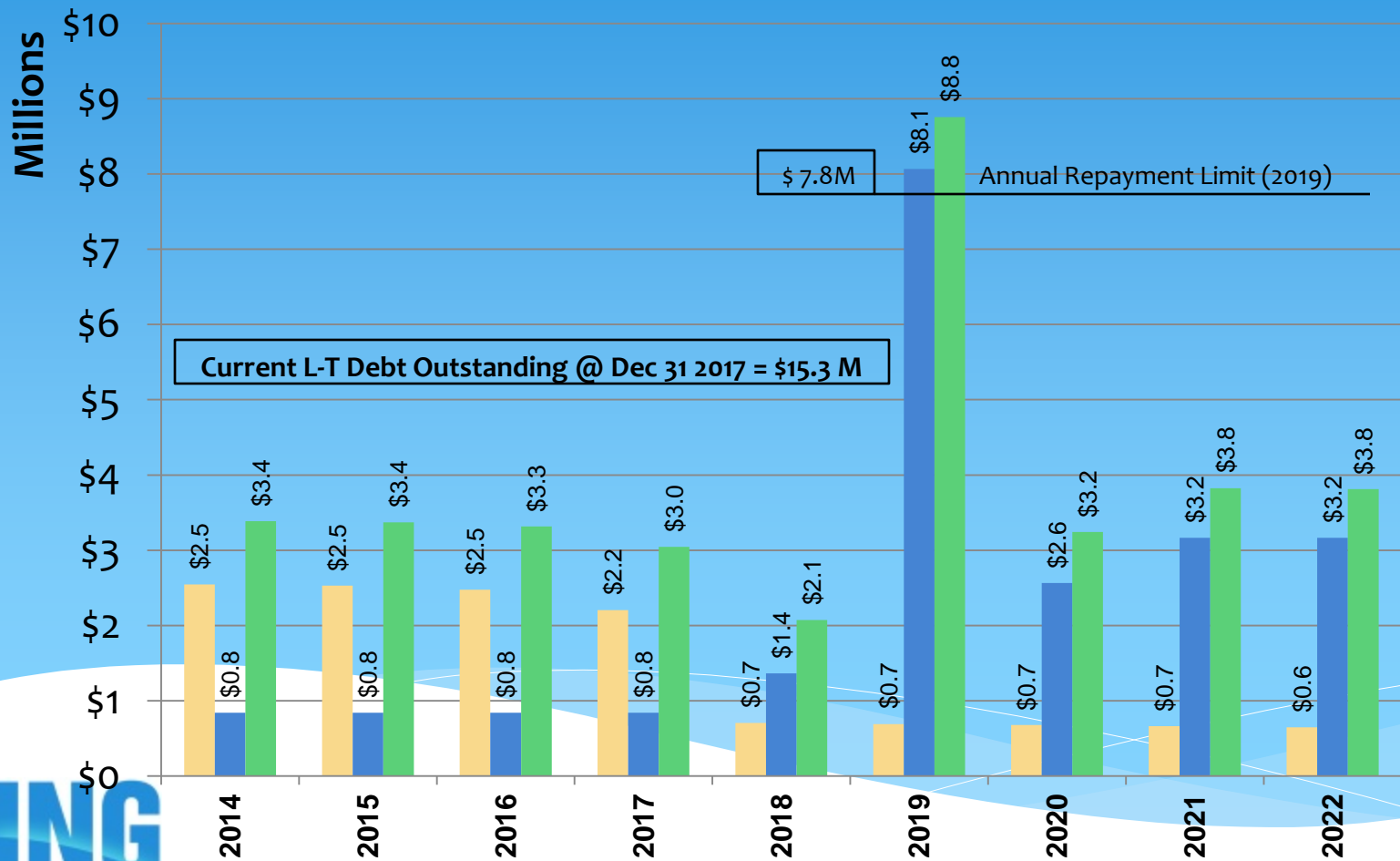
2018 2019 2020 2021 2022



Annual Debt Servicing Costs

(2013 -2022)

■ Sewer & Water
 ■ Tax Rate Supported
 ■ TOTAL



Township of King 2019 Budget

Discussion !