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**TO:** Mayor Kogon and Members of Council

**SUBMITTED BY:** Shelley Rector, CPA, CMA – CFO

**DATE:** February 19, 2019

**SUBJECT:** **Setting the Mandatory Provincial Contribution Area Rate & Revisions to the Budget Management Policy**

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**ORIGIN:** Budget Management Policy 03450-04.

**LEGISLATIVE AUTHORITY:** Town of Amherst Budget Management Policy 03450-04.

**RECOMMENDATIONS:** That the changes in the attached Budget Management Policy including the addition of the Regional Library Costs to the Mandatory Provincial Contribution Area Rate and the adjustment of the YMCA payment to reflect our contribution of \$100,000 in the Community Support Area Rate be referred to the February 25, 2019 regular meeting of Council for approval; and

That the setting of the Mandatory Provincial Contribution Area Rate at \$0.405 for the 2019-20 fiscal year be referred to the February 25, 2019 regular meeting of Council for approval.

**BACKGROUND:** The Budget Management Policy states in section 15 that Council will consider setting the Mandatory Provincial Contribution Area Rate by the end of February each year based on the available information from the province at the time and will communicate it to the public through social media.

The Town of Amherst Area Rate did not include the amounts that the Town Pays for the Regional Library even though this amount is also an amount for which we are mandated to contribute by the Provincial and for which the Town does not determine the increases each year.

In fiscal 2018-2019 the method for contributing to the local YMCA was changed from in kind services to a payment of \$100,000. When the change was made the Budget Management Policy did not get updated.

**DISCUSSION:** The Area Rate previously did not include the Regional Library costs. This may be in part because we have seen little increase in these costs over the last five years. However, if we look at the purpose of the Mandatory Provincial Contribution Area Rate, it makes sense that the Regional Library costs, which are mandated by the Province, should be included in the Area Rate. Moving the Library into the Area Rate does not result in an overall change in tax but rather allocates the tax to the appropriate rate for clarity to taxpayers. All other things being equal, adding the Library to the Provincial Contribution Area Rate would increase this rate, while decreasing the General Tax Rate by \$0.012. ***It should be noted that other factors could result in increases or decreases to the general rate.***



If approved, for 2019/20 there would be 5 components to the Mandatory Provincial Contribution Area Rate – Education, Property Valuation Services Corporation (PVSC) Assessments, Corrections Services, Housing and Regional Library (new addition to the area rate for 2019/20).

Education –Uniform assessment for 2019-20 is \$524,732,215 (2018-19 \$525,177,657). The rate has not been set yet. However the rate of 30480 has not changed in 7 years. So, if the rate does not change again this year, education costs to the Town for 2019-20 will be \$1,599,384, a decrease of \$1,357.

PVSC Assessment Services – We will not know our exact share of PVSC costs until late February or early March. Last year saw a .4% increase, which is consistent with the prior year. An email in November from the PVSC Board Chair indicated that the PVSC board approved an increase to the PVSC budget of 1.5%. The increased cost for this year is estimated to be \$1,609.

Correction Services – Our share of correction services costs will not be known with complete certainty until sometime in March. The last two years there was a .1% and .5% increases. Before that it had decreased 4 consecutive years. Considering past increases and conservative budgeting, we are assuming a .7% increase which will result in an increased cost this year of \$810.

Housing – The Housing Authority has provided its budget for the current fiscal year. Amherst's share based on their budget would be \$230,000. The actual amount will be based on their actuals and not this budget figure. Actuals will not be known for some time. Last year Amherst's share of the Authority's budget was \$211,000, however actuals came in at \$192,793. Again this year, this rate is being set using the budgeted amount. This generates an increase, budget to budget, of \$19,000.

Library – The Town's share of the regional library costs has not been included in the Mandatory Provincial Area Rate in the past. Given that this amount is mandated to the Town by the Regional Library (by means of the Province), this expense should be included in this area rate. The expense for the regional library has been \$61,820 for the last 5 years. We have estimated for this amount to remain the same. This is simply a reallocation of the cost from the General Tax Rate to the Mandatory Provincial Contribution Area Rate.

**Table Summary - Mandatory Provincial Contribution Area Rate**  
**Without Library**

	<b><u>2018/19</u></b>	<b><u>2019/20</u></b>	<b><u>Change</u></b>
Education	\$ 1,600,741	\$ 1,599,384	-\$ 1,357
Corrections	115,724	116,534	\$ 810
Housing	211,000	230,000	\$ 19,000
PVSC	117,158	118,767	\$ 1,609
	<b><u>\$ 2,044,623</u></b>	<b><u>\$ 2,064,685</u></b>	<b><u>\$ 20,062</u></b>
 \$0.01 on Tax Rate	 <b>\$ 52,682</b>	 <b>\$ 52,556</b>	 <b>-\$ 126</b>
 <b>Mandatory Provincial Contribution Area Rate</b>	 <b>\$ 0.39</b>	 <b>\$ 0.393</b>	 <b>\$ 0.003</b>

**Table Summary - Mandatory Provincial Contribution Area Rate**  
**With Library**

	<b><u>2018/19</u></b>	<b><u>2019/20</u></b>	<b><u>Change</u></b>
Education	\$ 1,600,741	\$ 1,599,384	-\$ 1,357
Corrections	115,724	116,534	\$ 810
Housing	211,000	230,000	\$ 19,000
PVSC	117,158	118,767	\$ 1,609
Library	-	61,820	\$ 61,820
	<b><u>\$ 2,044,623</u></b>	<b><u>\$ 2,126,505</u></b>	<b><u>\$ 81,882</u></b>
 \$0.01 on Tax Rate	 <b>\$ 52,682</b>	 <b>\$ 52,556</b>	 <b>-\$ 126</b>
 <b>Mandatory Provincial Contribution Area Rate</b>	 <b>\$ 0.39</b>	 <b>\$ 0.405</b>	 <b>\$ 0.015</b>

**FINANCIAL IMPLICATIONS:** The Mandatory Provincial Contribution Area Rate will see an increase of \$0.015 due to changes in costs for services.

**COMMUNITY ENGAGEMENT:** Communication coordinated by Corporate Communications Officer including media releases, the Town's website and social media.

**ENVIRONMENTAL IMPLICATIONS:** None

**SOCIAL JUSTICE IMPLICATIONS:** None

**ALTERNATIVES:**

1. Do not approve the changes to the Budget Management Policy and set the Mandatory Provincial Contribution Area Rate at \$0.393 for 2019/20.
2. Do not include the Regional Library costs in the Mandatory Provincial Contribution Area rate and wait until the figures are released by the Province before the Mandatory Provincial Contribution Area Rate is set.
3. Include the Regional Library costs in the Mandatory Provincial Contribution Area rate and wait until the figures are released by the Province before the Mandatory Provincial Contribution Area Rate is set.

**ATTACHMENTS:** Budget Management Policy 03450-04.

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Report prepared by: Shelley Rector, CPA, CMA, CFO

Report and Financial approved by: