



# Town of The Pas

FINANCIAL PLAN PRESENTATION – 2019

May 29, 2019

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# Assessment, mill rate, and property taxes – How does this work in calculating the tax I pay?

## Assessment:

- Assessments are completed by the Manitoba Municipal Government Assessment Services – A branch of the Manitoba Government.
- Assessed value = estimated market value at the time of assessment. The criteria used to determine assessment is established by provincial legislature.
- Any concern that a property owner may have with assessment values determined by MMGAS should be discussed with an assessor. Contact information can be found online or on your notice of assessment.
- Total assessed value of all taxable properties is used in conjunction with budgeted costs for the Town to determine the mill rate each year.
- In 2019 total assessment for the Town is 193M, an increase from 2018 of approximately 736K. The effect of this is that a nominally larger assessment base is responsible for a smaller percentage of the total cost.

# Assessment, mill rate, and property taxes – How does this work in calculating the tax I pay?

## Mill rate and property taxes:

- The mill rate is determined by the following formula:

	At Large	Debentures
Budgeted expenses	12,859,792	
Less: Budgeted other revenues	5,795,081	
Less: Debentures	718,079	
Add: Tax Allowance	11,386	
Equals: Net cost to taxpayers	6,358,018	718,079
Divided by: Total assessment	193,018,150	216,927,460
Equals: Estimated Mill rate - (Required / Assessment *1000)	32.94	3.31

- Debentures include some tax exempt properties not subject to 'At Large' taxes.*
- The above mill rates are used to calculate the Town portion of taxes payable. i.e. taxes used by the Town of the Pas to provide services. There are additional amounts included on the property tax invoices for school levies and provincial education levies that the Town collects on behalf of the province and Kelsey School Division and remits those directly to the aforementioned entities.
- A more detailed breakdown of the 2019 Mill rate including school and provincial levies and a comparison to 2018 amounts is included on the next slide.

# Comparison 2018/2019 Mill Rate

Residential	2018	2019	Change
At large	28.36	30.62	2.26
Deficit recovery	0.64		-0.64
Debentures	3.31	3.31	
Reserves	2.70	2.32	-0.38
Kelsey School Division	17.54	17.30	-0.24
Net Mill rate	52.55	53.55	1.00
Estimated tax per 100k Value	2,365	2,410	45

Commercial	2018	2019	Change
At large	28.36	30.62	2.26
Deficit recovery	0.64		-0.64
Debentures	3.31	3.31	
Reserves	2.70	2.32	-0.38
Kelsey School Division	17.54	17.30	-0.24
Provincial Education	9.77	9.77	
Net Mill rate	62.32	63.32	1.00
Estimated tax per 100k Value	4,051	4,116	65

# What's new for 2019: Increase in assessment

- For 2019 we experienced a slight increase in overall assessment for the community of approximately 736K.
  - How this affects taxpayers – All other things being equal, an increase in assessment will trigger a decrease in mill rates / taxation for the same valued assessment as the previous period. To simplify, the same cost is now being spread over a larger group.
  - Overly simplified example:

<b>2018 Total Assessment</b>	<b>192,282,240</b>
2019 Total Assessment	193,018,150
Change	735,910
Percentage Change	0.38%

<b>2018 Mill rate</b>	<b>52.55</b>
Convert based on 2019 Assessment (2018 M/R * 0.99617)	52.35
2018 Mill rate	53.55
Change based on other factors	1.20
Change based on Assessment	-0.20

# What's New for 2019: Policing costs

- Policing continues to be a challenge for the budget process:
- Policing cost is estimated to increase by \$7,843 in 2019 to \$2,553,932. (2018 Budgeted - \$2,546,089). This anticipated cost was revised owing to a lower 2018 actual result.
- Policing amount is included in the “At Large” mill rate for the Town. It represents approximately 17.1% of total municipal expenditure (2018 – 17.4%). *A chart of all cost centers included in a later slide.*

# What's new for 2019: Presentation Changes

- In an effort to improve the overall clarity of the financial plan a few changes have been completed:

- **Museum**

- Historically the Museum has been recorded as a separate entity accountable to the Town of the Pas for which a annual funding grant was provided. (net cost to the Town only)
- This is not consistent with its ownership model. The correct treatment for a controlled entity is to include revenues and expenses at gross values. This causes some comparison issues in respect to the transition year.

- Below is a table illustrating the comparison as included in the Town of the Pas financial plan:

	2019	2018
Revenues	101,300	
Expenditures	238,753	152,817
Net grant (compare)	137,453	152,817

- **Additional changes**

- Recreation activity broken out further to help identify costs associated with Recreation, Winton Pool, and the Arena. (Previously combined)



# What's new for 2019: Province of MB – Changes to EPTC

- The Province of Manitoba announced that effective the 2019 tax year, calculation of the Manitoba Education Property Tax Credit (EPTC) will be based on school taxes, and the \$250 deductible will be eliminated.
- Previous to this the EPTC was calculated on all taxes (including municipal) using the \$250 deductible.
- What this means for taxpayers:
  - Taxpayers that pay less than \$750 / year of education taxes will only receive a credit for the amount paid as opposed to the full complement if combined municipal and school tax portions exceeded \$1,000.
  - This effectively doubles the assessment requirement in the Pas to meet the maximum EPTC for 2019. (\$41.5K / \$96.5K). This will mean that those in these lower brackets will see an increase as the provincial subsidy has been reduced for those affected.

# What's new for 2019: Deficit Recovery:

- **Operating fund Deficit:**

- 2017 Audited financial statements reported nominal surplus.
- 2018 Unaudited financial statements indicate a nominal surplus expected.
- No recoveries are required/expected for either year under the municipal act.

- **Utility fund Deficit recovery:**

- The public utility board requires that recovery of any previous year deficits occur in subsequent years for municipalities operating public utilities.
- A 2017 nominal deficit of \$148,472 was reported under PUB. Recovery is affected through transfer of accumulated surplus as per board order #18/19.
- Due to mechanical failure in the summer of 2018 a 2018 deficit is also anticipated. This will be expected to be included in the 2019 budget and affected through a transfer of accumulated surplus.

# What's new for 2019:

- **Sale of surplus lots**

- In early 2018 the Town of the Pas created a Land Development Initiative by offering residential town own lots for sale at a reduced cost to promote development and improve the declining assessment base. 33 Lots were sold including 21 Lakeside, 9 wood acres (only 1 remaining), and three other properties throughout the community. This action is expected to improve mill rates in future years by increasing the assessment base and reducing cost for maintenance of Town owned property. We are anticipating building to commence this year on a number of lots.
- Review of other Town properties is underway to assess other potential saleable items.
- Also under review is the zoning by-law. Special attention is being given to clauses on ability to develop on ½ lots.

- **Larose Avenue**

- The Larose Avenue infrastructure renewal project was completed in the fall/winter of 2018.



# Financial Strategy 2019: Overview

- In an effort to reduce tax burden on property owners the Town of the Pas has done extensive review of internal operations, grants, and other expenditures and made efforts to reduce non-essential services and improve overall efficiency. Efforts have included budget reductions to many departments/areas, reduction or elimination of grants, and staff reductions where possible.
- The Town of the Pas is continuing with its strategy of investigation into options to improve cost efficiency and make improvement to local infrastructure and community assets. (i.e. Civic Center Electric Boiler 2019)
- Aging infrastructure represents a significant risk and financial burden to the Town and to the community. As systems continue to age they become less reliable and more prone to failure. Making emergency repairs on existing infrastructure, as well as costs for replacement are a significant draw on resources.

# Financial Strategy 2019: How are my tax dollars allocated?

- Total expenses adjusted to reflect internal revenues for specific departments and provide a better comparison on cost to taxpayer.

Cost Center	2018	2019	Change
General Government	11.2%	13.1%	1.9%
Police	17.4%	17.1%	-0.3%
Fire, other protection	3.0%	3.6%	0.7%
Public Works	11.3%	10.9%	-0.5%
Airport	-0.1%	-0.5%	-0.3%
Environmental	1.8%	2.5%	0.7%
Public Health	0.3%	0.3%	0.0%
Economic Development	0.4%	0.2%	-0.2%
Recreation/Maintenance/Wellness	8.7%	9.4%	0.7%
Museum	1.2%	1.3%	0.0%
Library	1.3%	1.3%	0.0%
Debt	6.7%	6.6%	-0.1%
Transfer to Capital	0.0%	0.0%	0.0%
Deficit Recovery	1.2%	0.0%	-1.2%
Reserve (net)	-0.6%	-1.0%	-0.4%
School levies	36.3%	35.2%	-1.0%

- The airport has net positive operations
- General Government includes larger grants in 2019 (CDC, CKP, Physician recruitment, etc.)
- Vacant fire department position filled end of 2018
- Recreation budget adjusted to eliminate historical deficits
- Some reclassifications affect year to year

# Financial Strategy 2019: Debentures

- At the end of 2019 the Town will have 3.17M in debt. This represents an annual debt payment of \$718,079. Composition per below.
- The Recreation Infrastructure reserve is currently being allocated to help offset costs of the Wellness center/multiplex loan payments. The budgeted amount for 2019 is \$42,500.
- It is the final year for Wood Acres II

	Wood Acres II	Multi-plex	Wellness Centre	Winton Pool	Total
Balance, start	142,712	956,685	1,211,968	1,399,461	3,710,827
Payment	150,918	169,099	206,615	191,447	718,079
Interest	8,206	53,814	56,054	61,226	206,615
Balance, end	0	841,400	1,061,407	1,269,240	3,172,047
Expires	2019	2025	2025	2027	

- While no new debts are anticipated for 2019, debentures will need to be considered in respect to the Lagoon upgrades as reserve balances are insufficient to cover the municipal contribution portion of anticipated funding agreements.

# Financial Strategy 2019: Reserves

- The Town of the Pas maintains reserves by making contributions on an annual basis to assist with large purchases or projects. Maintaining sufficient reserve balances is a critical component of the Town’s ability to provide services to residents.
- Contributions to the Reserves for 2019 Total \$1,438,445

Tax funded reserves	2019 Budget	Other	Reserves	2019 Budget
Machinery & Equipment	100,000	Federal Gas Tax		288,941.00
Infrastructure	300,000	Hydro Bipole III CDI		245,815.00
Museum	5,000	Fire		45,000.00
Elections	2,000	Waste Disposal Grounds		67,250.00
Arena	10,000	Community Enhancement		85,000.00
Civic Center	10,000	Destination Marketing		42,500.00
Computer	5,000	Recreation Infrastructure		42,500.00
Library	5,000	Airport		25,000.00
Winton Pool	10,000	Utility		300,000.00
	447,000	Arena		10,000.00
		WC equipment		25,000.00
		Pool		10,000.00
				1,187,006.00
		Interest Allocation		125,000.00

- Budgeted withdrawals from the reserve for 2019 are \$2,868,317.
  - Major items include:
    - Equipment and Machinery – primarily funding through Machinery replacement reserve.
    - Forestry incentive grant (\$478,494) to CKPI year 2/3 – funded through Hydro Bipole III CDI reserve
    - Civic center electric boiler (\$275,000) – funded through Federal Gas Tax reserve
  - Full details on withdrawals from reserves and capital included on Financial Plan pg. 13.



# Financial Strategy 2019: Transportation Services

- Transportation services expenditures (pg. 1 - Financial Plan) includes both the Public works department and the Airport
- Public works:

	2019 Budget	2018 Budget	Change
Total Transportation	2,393,892	2,422,070	
Airport	-1,149,932	-1,154,300	
Public works (only)	1,243,960	1,267,770	-23,910

- In 2019 there is a nominal decrease to Public Works expenditures
- Airport:

	2018 Budget	2017 Budget	Change
Airport revenue	1,199,250	1,165,199	
Airport expense	1,149,932	1,154,300	
Net airport	49,318	10,899	38,419

- Increased fuel sales part of higher sales/cost structure. Airport functions at a net surplus effect to Town.





# Financial Strategy 2019: Grants



- 2019 marks the final of 3 years for the forestry incentive grant provided by the Town of the Pas to CKPI. This represents a significant source of funding that will dramatically improve financial health when complete.

\* Change in grant total is based on changes to mill rate/assessment for 2018.

	2019	2018	Change
CKPI	453,556	436,482	17,074
Recycle Centre	190,806	129,664	61,142
CDC – (DMC cost share employee + Annual)	124,650	19,035	105,615
The Pas Arts Council	4,000		4,000
Northern Gateway Chaplaincy	15,000	15,000	
NRHA - Physician recruitment	75,000		75,000
Handivan	40,000	40,000	
Trappers Festival	15,277	9,295	5,982
Scholarships	5,500	5,500	
Government transfers	40,000	45,348	-5,348
Property tax incentives	20,000	26,935	-6,935
Other – nominal	6,332	19,195	-12,863
<b>Total</b>	<b>990,121</b>	<b>746,455</b>	<b>243,666</b>

# Financial Strategy 2019:

- **Surplus equipment sale**

- As part of our internal review process we will be performing a one time sale of surplus equipment in 2019 to help generate revenue by removing items no longer in use with no future plans.

- **Surplus lot sale continuation**

- The Town of the Pas will be looking to continue divesting itself of properties that are not essential to delivery of services to residents. This will include residential or commercial lots developed or attained through tax sale that are held in inventory. (including ½ lots). This will hopefully have a positive impact on total assessment and mill rate, and provide opportunity for development in certain areas in the community.

# Financial Strategy 2019: Capital

- Major budgeted capital expenditures for fiscal 2019 (full list available on Financial Plan pg. 13):

Description	Cost	Non-Municipal Portion	Municipal Portion
Bagshaw – Engineering	200,000		200,000
Civic Center – Electric Boiler upgrade	275,000		275,000
Arena – Floor/sign	81,000		81,000
Equipment/Machinery			
- Replace Backhoe loader	200,000		200,000
- Replace Single Axel Dump	250,000		250,000
Road Surface Renewal	440,000		400,000
Crosswalk 7 <sup>th</sup> /Hogan	70,686		70,686
Airport – Runway Patching	50,000		50,000

- Total capital budgeted \$2,144,460.
- Capital is primarily funded through the use of reserve funds
- Ongoing contributions to reserve funds allow for larger project or equipment replacements when needed by allocating annual costs as opposed to one time payments, which in some cases are quite large.

# Looking Forward: Capital Projects

- A full list of major capital items budgeted for the five year period (2020 – 2024) is available on pg. 14 of the Financial Plan.
- Highlights (estimated):
  - Lagoon upgrade (2020) – \$15,551,223
  - Bagshaw Avenue renewal (2021) - \$1,746,027
  - Bignell Avenue renewal (Eng. Only) (2024) - \$250,000
  - Annual road surface renewal (ongoing) \$400,000 / year
- Projects are included at estimated costs and inclusion in future year budgets is dependent on a number of factors including availability of external funding, capacity, and internal resources.

# Additional information?

- If you have any questions, require further detail or would like to discuss any of the information from this presentation or the financial plan, please contact:



- Other contacts include Mayor or Council members, and administration staff at Town of the Pas Civic Center at the address above.

