



The Corporation of
The Township of Brock
in the Regional Municipality of Durham
P.O. Box 10, Cannington, Ontario L0E 1E0

2019 Budget Information

This package is part of the Township's continuing efforts to increase ratepayers' understanding of and participation in the annual budget process. Within the package you will find a wide range of information including:

- common budget and forecast terms;
- the important plans and studies that support the budget process;
- what makes up the Township's budget;
- how tax rates are calculated; and
- how to have your say about the budget and other Township matters.

We hope you will find this information useful and would appreciate receiving your comments and suggestions on improvements or additional information. Please contact us by phone at 705 432-2355; by fax at 705 432-2189 or email us at brock@townshipofbrock.ca

Common budget and Forecast Terms

Assessment Growth

The additional taxation revenue the Township receives from new homes and businesses that are built each year. This revenue is used to cover the cost of providing services to the new residents/businesses and for longer term financial planning.

Capital Budget

One time expenditures for major projects (often referred to as "infrastructure") such as roads, bridges, culverts, vehicles/equipment, parks, sidewalks, streetlights, and

buildings. It includes both the development of new, and the rehabilitation of existing infrastructure.

Debenture Debt

A type of long term loan (similar to a mortgage) used as financing for major capital building projects. The debt, including interest, is repayable over 10 to 25 years. Debenture debt spreads the project cost and related tax rate increase over a number of years and ensures that future taxpayers pay their fair share of capital projects being completed today.

Development Charges

A charge paid for new development to partially pay for the cost of new capital projects required as a result of growth (e.g., new roads, parks, fire stations, etc.). Development charges do not cover the entire cost of a capital project, as legislation requires municipalities to fund a portion of most projects. In addition, certain expenditures are exempt from development charges and must be paid entirely by the municipality.

General Levy

Sometimes referred to as the “Tax Levy”, the general levy is the total of all expenditures funded by property taxes.

Operating Budget

The expenditures (e.g., wages/benefits, supplies, contracted services, utilities etc.) required to deliver day to day Township services. It also includes the revenues that the Township receives (e.g., user fees, interest income, building permit fees, etc.).

Reserves/Reserve Funds

Monies set aside for specific purposes, both for operating and capital budget items. There are two main types of reserves/reserve funds:

Statutory/Obligatory – municipalities are required by legislation to establish certain reserve funds (e.g., Development Charges, Parkland)

Discretionary – can be established by Council for a specific purpose (e.g., Vehicle/Equipment Replacement, Debt Reduction)

Key Documents, Studies & Plans that Support the Budget

Budgets and forecasts rely heavily upon the various studies, plans and strategies that have been adopted by Council. These key supporting documents include the following:

Corporate Strategic Plan

The Corporate Strategic Plan identifies a vision, a mission statement, as well as a number of actions and priorities for Council and staff.

Township of Brock Official Plan

The Township of Brock Official Plan was adopted by Council on June 26, 2006, and approved by the Region of Durham on May 9, 2007 with certain modifications and deferrals. It contains detailed policies for the growth and development of the Township's urban areas (Beaverton, Cannington, and Sunderland), hamlets (Gamebridge, Manilla, Sonya, Port Bolster, and Wilfrid) and shoreline areas.

Recreation Master Plan

The Township of Brock Recreation Master Plan was completed in 2012 by Monteith & Brown Planning Consultants to ensure that the provision and management of recreation facilities, programs, and services continue to meet the needs of residents and community organizations within Brock. The purpose of the Recreation Master Plan is to define what the Township's role is with respect to parks and recreation and set a framework to evaluate needs and priorities for facilities, services, parks, open spaces, and trails.

Development Charges Background Study

Subject to the requirements of the Province's Development Charges Act, municipalities may adopt and update a study every 5 years. The study identifies the new infrastructure and vehicles/equipment required due to growth, including their estimated cost and approximate timing. Roads, bridges, street lighting and sidewalks required are identified to buildout, while all other projects (e.g., community centres, libraries, firefighting equipment, etc.) are identified for a 10 year period. The next update will occur in the second quarter of 2019.

Asset Management Plan

Asset management planning requires that the most cost effective and realistic decisions are made regarding the building, operating, maintaining, renewing, replacing and disposing of infrastructure assets. The prime goal of the Asset Management Plan is to maximize benefits, manage risk, and offer satisfactory, safe and sustainable service levels to the public. Asset management planning requires that the Township has an in depth understanding of the characteristics and condition of infrastructure assets, as well as the service levels they are expected to meet. Asset management planning also involves strategic prioritization to obtain the best decision-making concerning the timing and utilization of investments. The practical implementation of the Asset Management Plan requires the development of a comprehensive and achievable financial strategy. The Township is in the process of updating the current plan. This update will be presented to the Finance Committee in December 2018.

Road Needs Study

The purpose of the Road Needs Study is to;

1. Clearly define the road system under the Township's jurisdiction;
2. Maintain an updated inventory of those road sections and structures making up the road system;
3. Identify deficiencies and estimate the cost of proposed practical improvements to eliminate deficiencies, and;
4. Provide the Township with a guide for the operation of its Roads department in maintaining the system and scheduling of road improvements.

This report includes appraisals for 374 km of roads and is in the process of being updated.

Municipal Structure Inventory and Inspection (Bridges & Culverts)

The Municipal Structure Inventory and Inspection Study provides a summary of structure condition ratings identified during rating surveys. The Township's total inventory of ninety-seven (97) structures are included in this report and was updated in 2018.

Other

There are a number of other master plans, studies and strategies that feed into the budget and forecast process including those covering the Downtown Revitalization, Fire, Library, Economic Development & Tourism, and Accessibility.

Other items that impact the Township's budget & forecast process are:

- Departmental User Fees & Charges;
- Provincial Legislation and Regulations; and
- Established Policies and Procedures.

What Makes up the Township's Budget

The Township's budget consists of the following components:

Operating Budget

The operating budget includes all of the expenditures (e.g., wages/benefits, supplies, contracted services, utilities etc.) required to deliver day to day Township services. It also includes the revenues that the Township expects to receive (e.g., user fees, interest income, building permit fees, etc.).

For budget purposes, the Township has 12 reporting categories administered by 5 departments that monitor over 1,000 individual line accounts. The operating budget is created based on existing service levels adjusted for growth. The cost of program additions or upgrades are presented to Council at the time of the budget.

The Township approves a Net Operating Budget, which is calculated as the Total Estimated Operating Expenditures less Operating Revenues and Recoveries. Included in the Revenue and Recoveries are the other Taxation Revenues including Payments in Lieu of Taxation (PIL for Federal and Provincial lands), Linear Properties (Railway Lines and Hydro Corridors) and Taxable (Shared PIL) properties.

Capital Budget and 10 Year Forecast

The capital budget and 10 year forecasts include one-time expenditures for major projects (often referred to as "infrastructure") such as roads, bridges, culverts, vehicles/equipment, parks, sidewalks, streetlights, and buildings. It includes both the development of new and the rehabilitation of existing infrastructure.

The budget covers a one year period (the upcoming budget year) while the 10 year forecast covers the capital needs estimated for subsequent years. The 10 year forecast period is reviewed and revised annually as part of the budget process.

The funding for capital projects comes from a wide range of different sources, with the most common ones listed below:

- Development Charges
- Reserves and Reserve Funds
- Debenture Debt
- Federal Gas Tax
- Provincial and Federal Grants (when available)

Library Grant

The grant provided by the Township to the Library board accounts for approximately 91% of the Library's annual operating budget. The board's annual operating and capital budget requirements are presented to Council in support of their request.

How Tax Rates are Calculated

The following is a simplified explanation of the process of calculating property tax:

Step 1) Calculate Total Operating Levy Requirement

$$\begin{aligned} & \text{Total Operating budget Expenditures} \\ & \text{- Operating Revenues (including Grants, Transfers \& User Fees)} \\ & = \text{Total Operating Levy Requirement} \end{aligned}$$

Step 2) Calculate Total Capital Levy Requirement

$$\begin{aligned} & \text{Total Capital budget Expenditures} \\ & \text{- Capital Revenues (including Grants \& Transfers)} \\ & = \text{Total Capital Levy Requirement} \end{aligned}$$

Step 3) Amount to be Raised by Taxation

$$\begin{aligned} & \text{Total Operating Levy Requirement} \\ & \text{+ Total Capital Levy Requirement} \\ & = \text{Amount to be Raised by Taxation} \end{aligned}$$

Step 4) Update Tax Ratios

All property classes have a defined ratio, relative to the Residential tax class which is set at 1.000. By comparison, the ratio for the Commercial class is 1.4500. Tax policy refers to changing (usually lowering) a non-residential ratio, which transfers the tax burden to other property classes, primarily to the Residential class. Tax policy decisions are the responsibility of the Region of Durham, in consultation with area municipalities.

Step 5) Tax Rate Calculation

Amount to be Raised by Taxation
Total Assessment & Tax Ratios

Have Your Say

To effectively and efficiently deliver services to the community public input, feedback, comments, suggestions, etc., are essential. There are numerous ways for the public to be heard throughout the entire year, including:

- Ongoing correspondence and interaction with the Mayor and members of Council
- Contact, correspondence, discussions, etc., with Township staff
- Public forums such as Open Houses and Public Meetings
- Regularly scheduled Council and Committee meetings
- Township website feedback and surveys

In addition to the above methods, Council and staff also receive input through citizen advisory committees and boards appointed by Council.

Please take advantage of one of these methods to “Have Your Say”.