

2016 – 2018 FISCAL MANAGEMENT STRATEGY

June 28, 2016

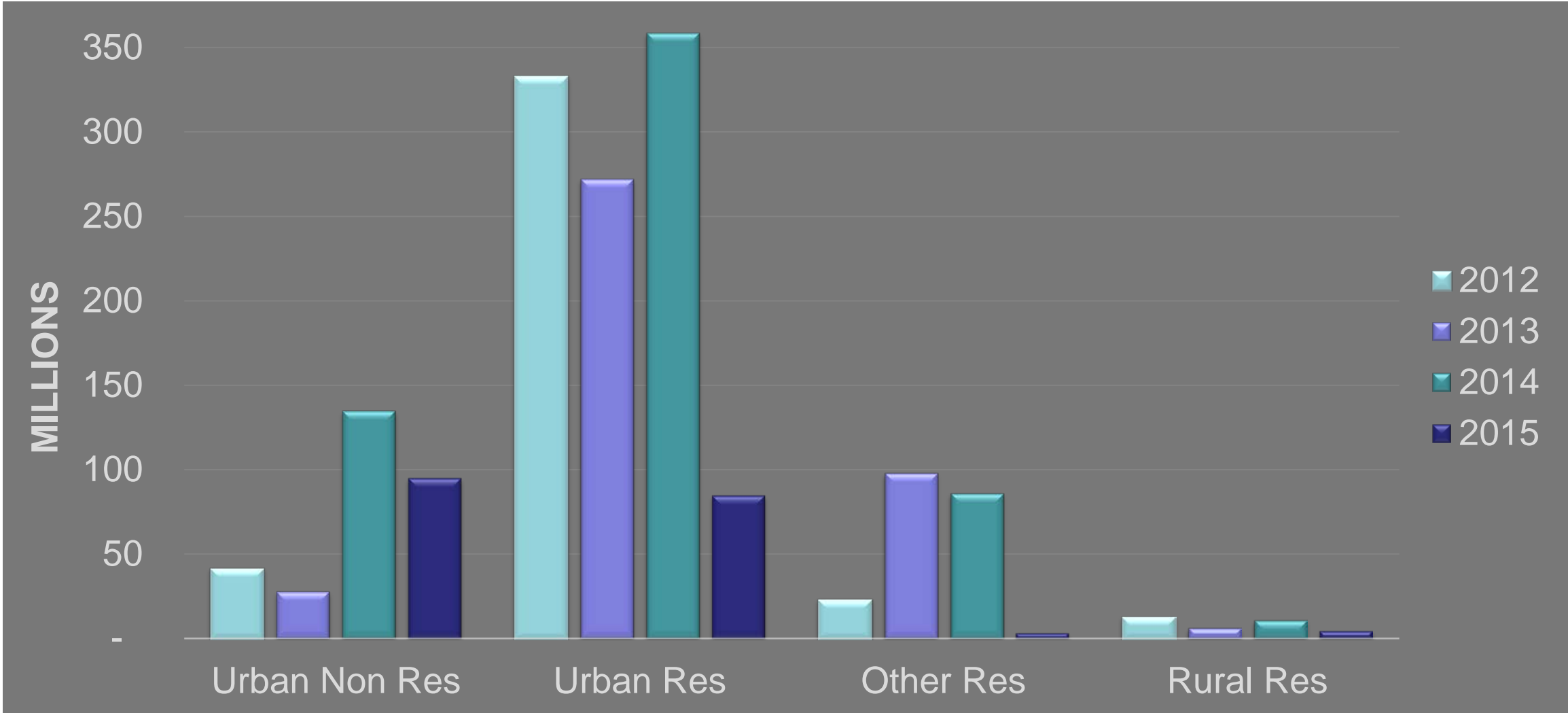
Elsie Hutton, Executive Director and CFO
Philip Schofield, Director, Assessment & Taxation

Fiscal Management Strategy (FMS)

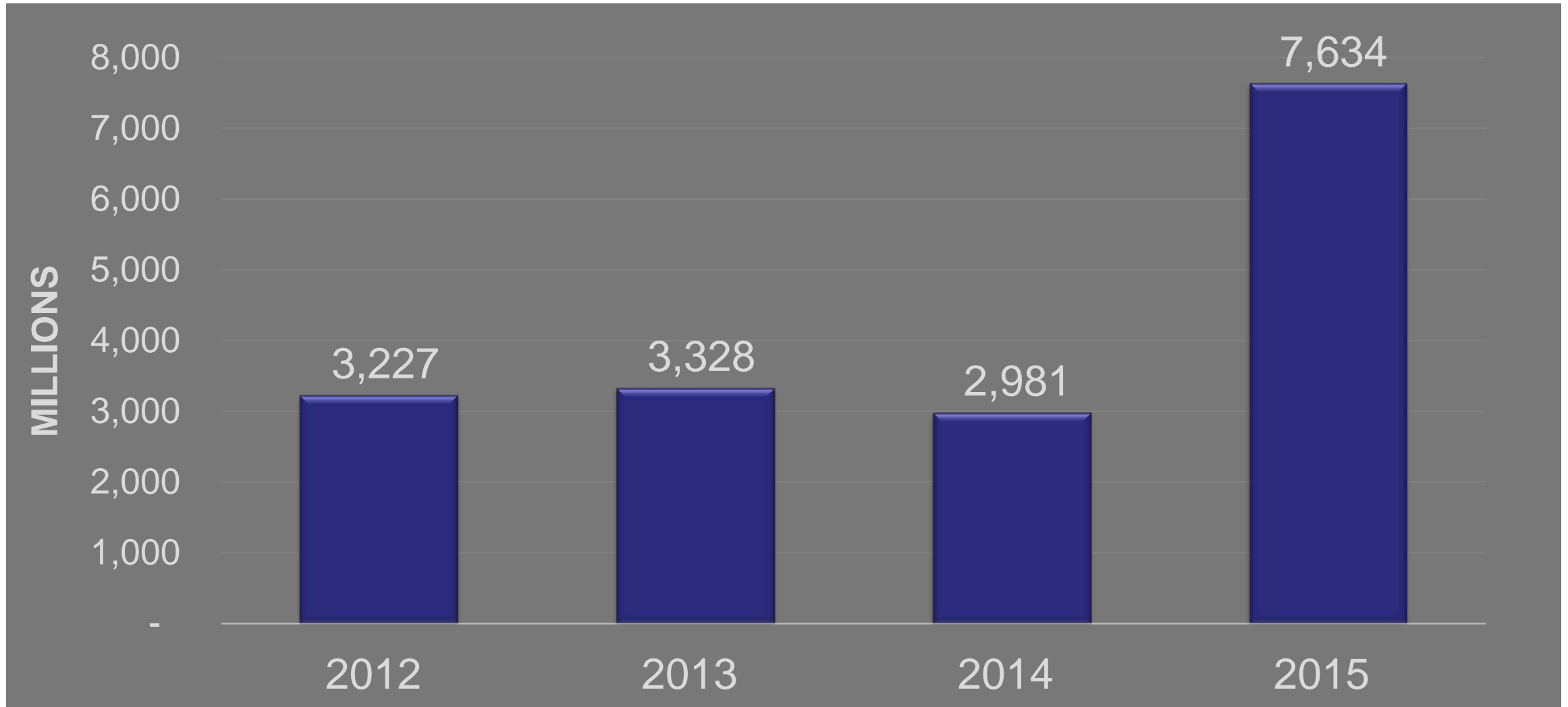
- A guide for property tax rate discussion
- Provides framework for future operating and capital budget development

ASSESSMENT

Assessment Growth 2012 - 2015



Assessment Growth 2012-2015 Rural Non-Residential



Municipal Tax Calculation (Revenue Neutral)

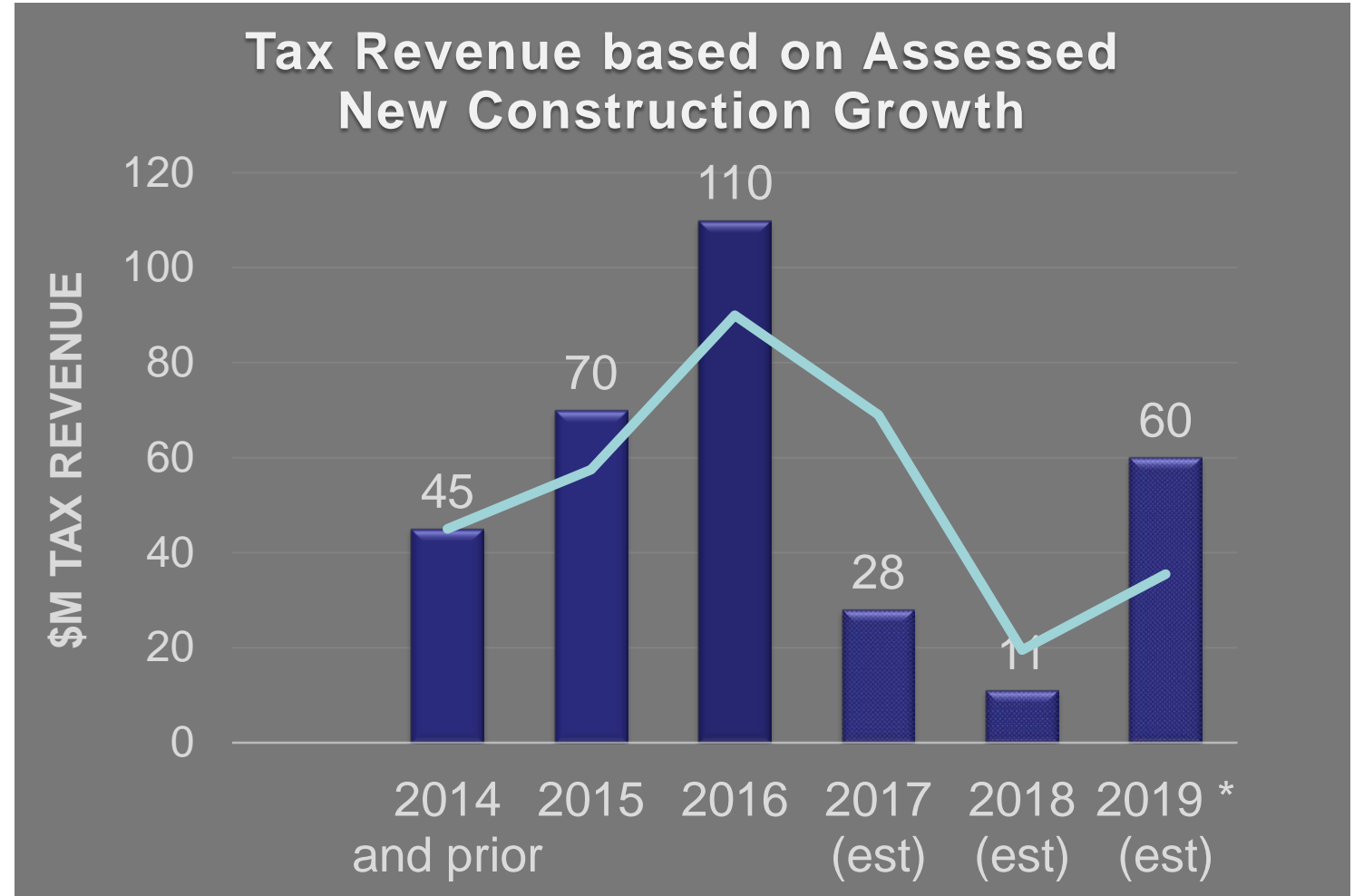
Assessment x Municipal Tax Rate = Municipal Tax Levy

Revenue Neutral Plus New Construction Growth

- Market value changes will not impact property tax revenue
- Increase in overall municipal taxes generated from assessment base growth – new construction
- Market value changes between individual properties redistributes tax burden between taxpayers within each assessment class
- This methodology has been used in determining tax rates since 2005 for residential properties and 2009 for non-residential properties

Assessment and Taxation

- Assessment growth based on construction in progress
- Future assessment growth is variable



* Not aware of large scale construction beyond 2019

Assessment Appeal Update

- 4 appeals scheduled in 2016; 8 scheduled in 2017 and 1 in 2018
- Appeals trend in 2016 of approximately \$100M
- \$34M contingency budgeted for 2016
- Estimated shortfall of \$88M

Timing	Amount \$M
2015 Shortfall	\$ 22
2016 Anticipated Appeals (less contingency)	66
Shortfall	\$ 88

PROPERTY TAX

Property Taxation

- Urban residential property taxes have not increased for 9 years
- Rural residential property taxes have not increased for 10 years
- Non-residential property taxes have not increased for 8 years

2016 Property Tax Payment

2016 Tax Penalty Bylaw

- Taxes are due 30 days from mailing of tax notices
- No penalties on outstanding 2016 property taxes until January 1, 2017

Fire Insurance proceeds under Section 349(1) of the *Municipal Government Act*

- Taxes are a first charge on any money payable under a fire insurance policy

2016 Property Tax Payment

Disaster Recovery Relief

- Pursue provincial assistance for payment of property taxes of destroyed properties

Cancellation, Reduction, Refund or Deferral of taxes pursuant to Section 347(1) of the *Municipal Government Act*

- Authority of Council to revise taxes

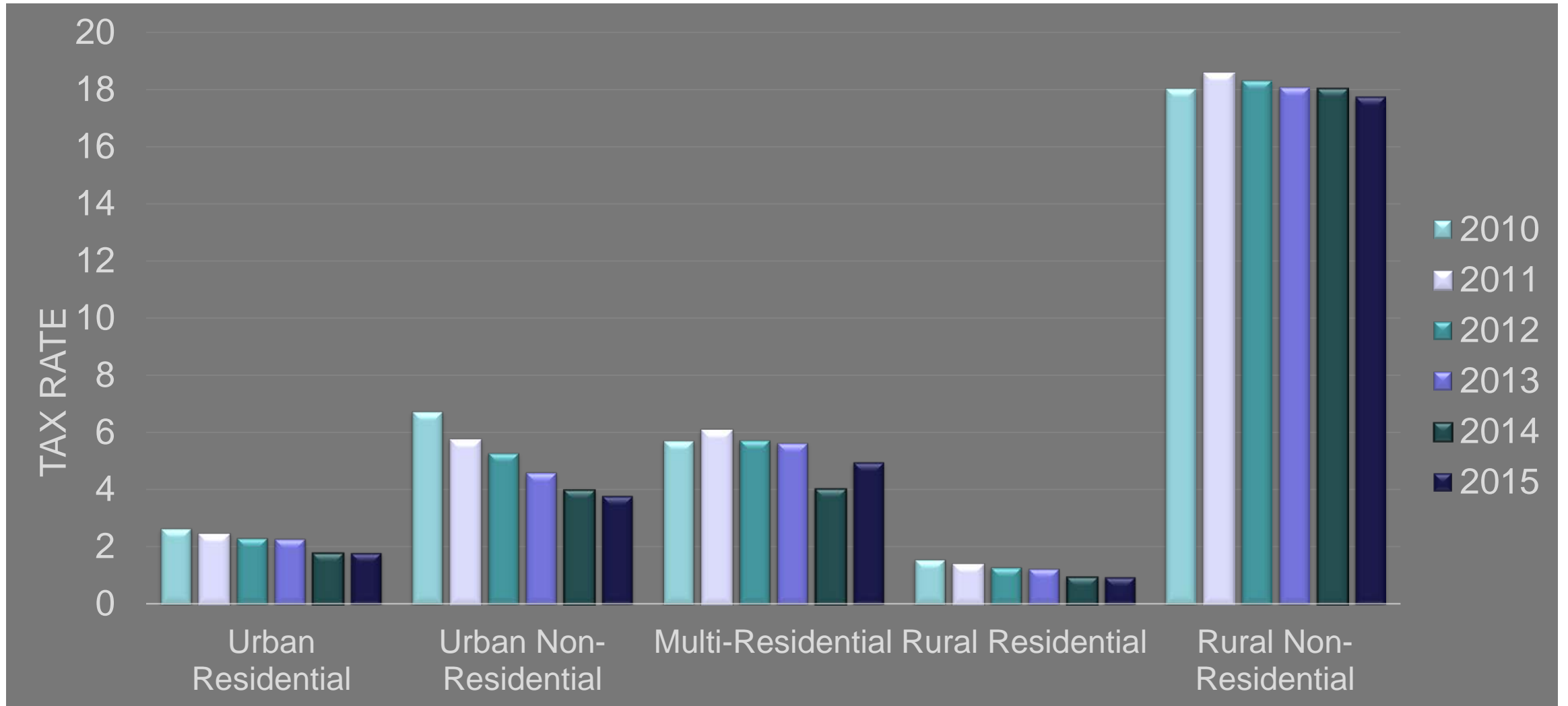
Provincial Education Tax

- Municipality acts as “tax collector” for the Provincial Education Requisition
- Provincial phase-out of mitigation strategy completed in 2015
- 2016 Education Requisition
 - 4% overall increase
 - 6% residential increase
 - 2% non-residential increase

Highlights of 2016 Property Tax Revenue

- 2016 budget approval included a \$30M reduction to property tax revenue
- 2016 and prior estimated appeal shortfall \$88M
- 2016 net revenue increase of \$77M due to new construction in excess of budget

Municipal Tax Rate Trends

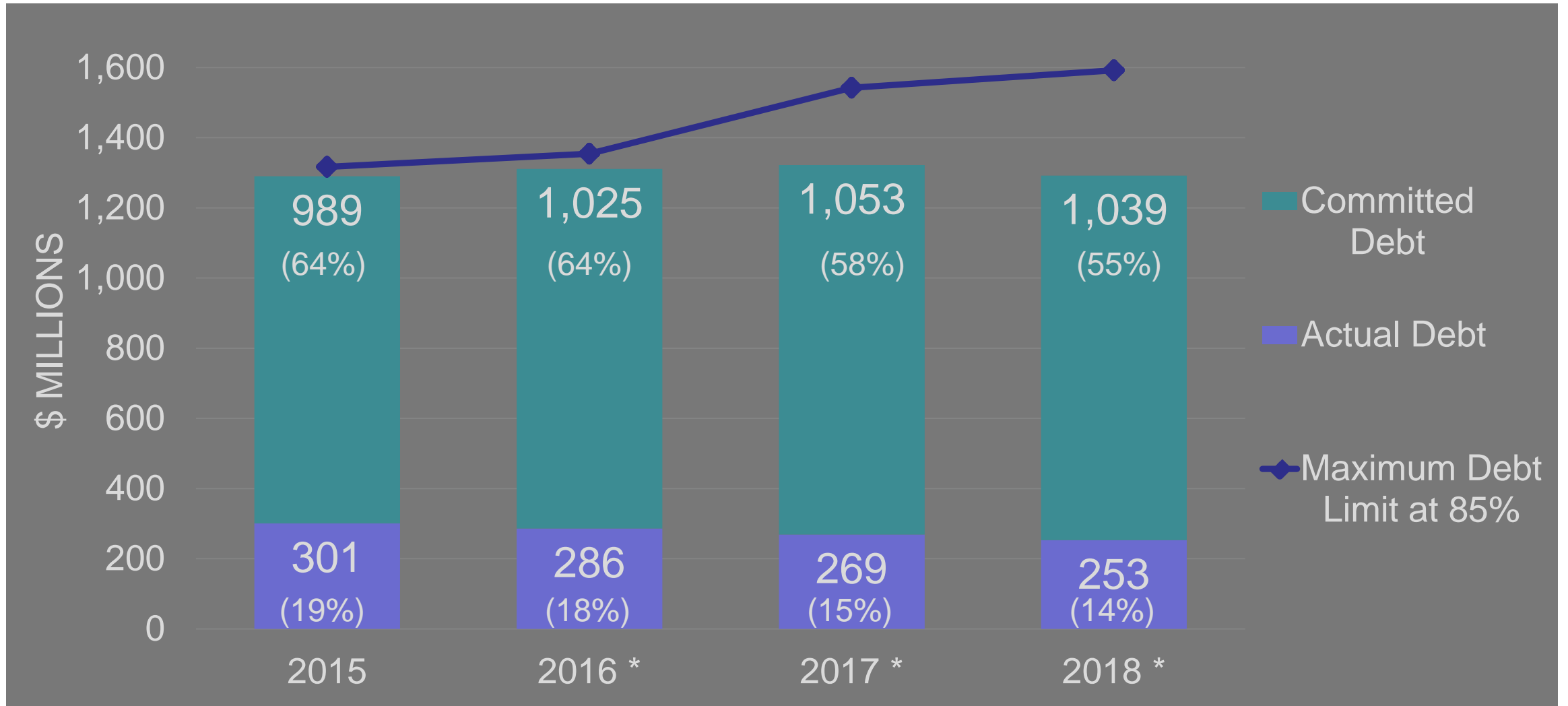


Municipal Tax Rate Comparison

	2015	2016 less \$30M	% change
Urban Residential	0.0018110	0.0018527	2.30
Urban Non-Residential	0.0038024	0.0036752	(3.35)
Multi-Residential	0.0049793	0.0052461	5.36
Rural Residential	0.0009696	0.0009653	(0.44)
Rural Non-Residential	0.0177470	0.0181110	2.05

DEBT & DEBT SERVICE

Debt Overview



* estimated

Debt Service

	2015 (\$M)	2016* (\$M)	2017* (\$M)	2018* (\$M)
Actual Debt Service	31	30	29	29
Additional Debt Service	0	0	49	54
Total Debt Service	31	30	78	83

- Debt Service represents the annual cost of debt repayment i.e.: principal and interest payments

* Estimated

ADMINISTRATIVE RECOMMENDATIONS

Administrative Recommendations

- Maintain revenue neutral plus new construction growth methodology
- Allocate \$77M to Emerging Issues Reserve to offset 2016 assessment appeals
- Amend Debt Management Policy
- Maintain Fiscal Stability Reserves per Fiscal Responsibility Policy FIN-160

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