

# CITY OF STRATFORD 2013 BUDGET

PRELIMINARY BUDGET  
PRESENTATION

# Preliminary Budget Presentation

## ➤ Property Tax Policy

- ✓ Property Tax 101
- ✓ Tax Class Ratios
- ✓ 2013 Reassessment

## ➤ Financial Information

- ✓ Where the Tax Dollar is Spent
- ✓ Reserves and Reserve Funds
- ✓ Long Term Debt
- ✓ Capital Spending

## ➤ 2013 Preliminary Budget

# PROPERTY TAX POLICY



# Property Tax 101

## SIMPLE TERMS

Current Value Assessment

X

Municipal Tax Rate

+

Education Tax Rate

=

**Property Taxes**

## OTHER FACTORS

4 Year Re-Assessment

Phase-in Program

Class Ratio

Discount Factor

Set by the Province

BET Decrease

Municipal Act Rebates

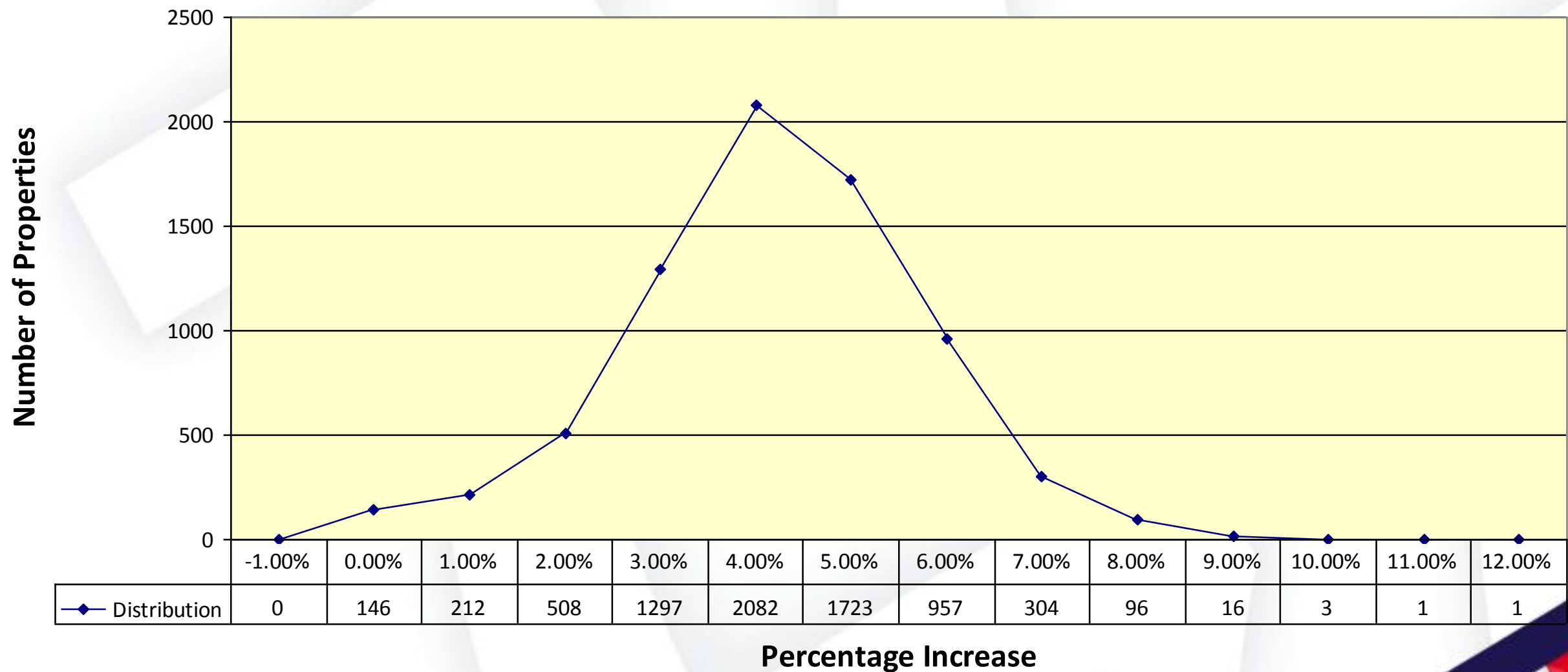
Tax Capping Program

# Property Tax 101 – 2012 STATS

2012 Property Tax Statistics	
Number of Properties in Code 301 - Single Detached	7,346
Total 2011 Assessment	1,702,279,018
Total 2012 Assessment	1,775,585,000
Average 2011 Assessment	231,729
Average 2012 Assessment	241,708
Average 2011 Property Tax	3,345.50
Average 2012 Property Tax	3,465.40
Average Increase - \$	119.90
Average Increase - %	3.58%
Highest Increase - \$	623.42
Highest Increase - %	11.20%
Highest Decrease - \$	-\$70.90
Highest Decrease - %	-0.69%

# Property Tax 101 – 2012 Distribution

2012 Single Detached Residential Property Tax Increases  
Distributed by Percentage



## Tax Class Ratios

- Established in 1998 as part of Ontario Property Tax Reform
- Several Guidelines in Municipal Act govern Tax Ratios
- Residential Class Ratio = 1
- Other Classes vary by Municipality – Local Decision



# Tax Class Ratios

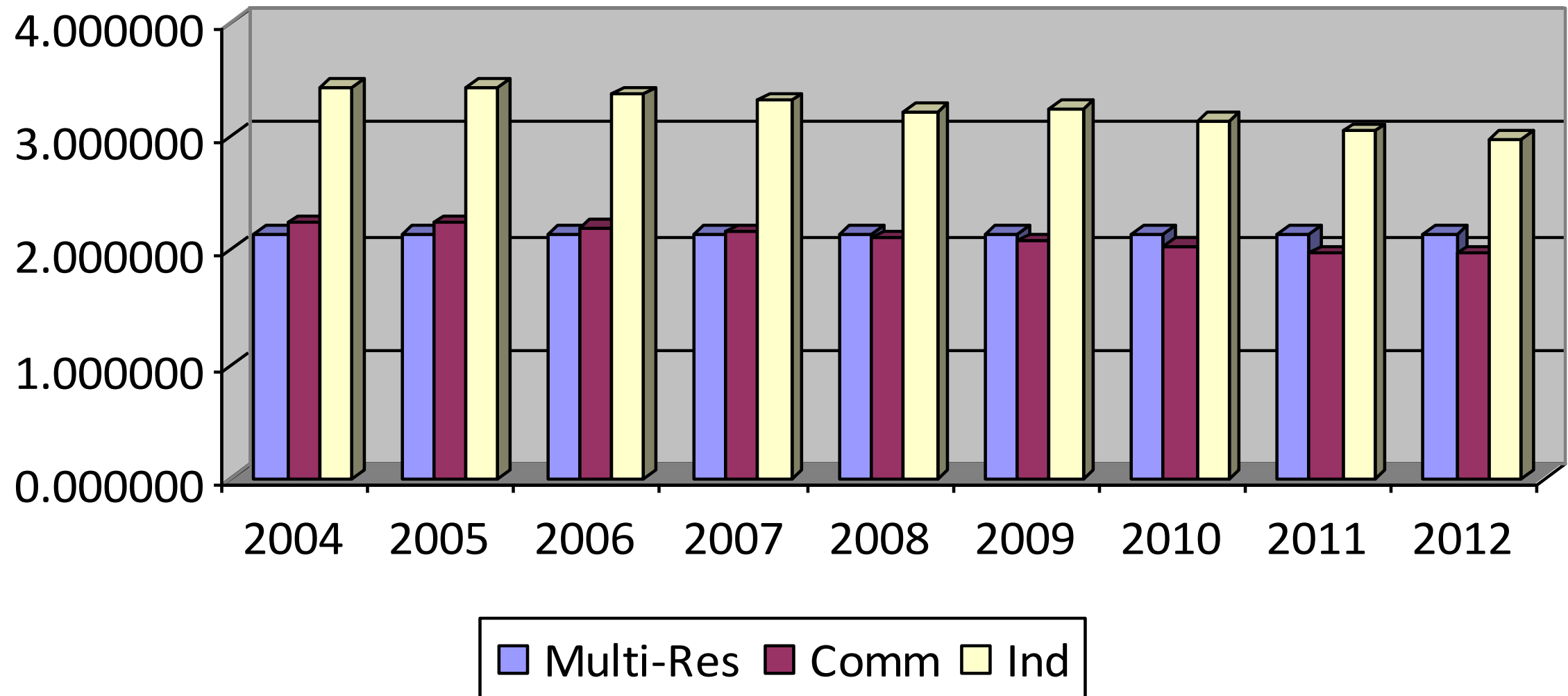
## 2013 Starting Tax Ratios

Residential	1.000000
Farm	0.250000
Multi-Residential	2.153900
Commercial	1.975937
Industrial	2.922858
Pipeline	1.509000



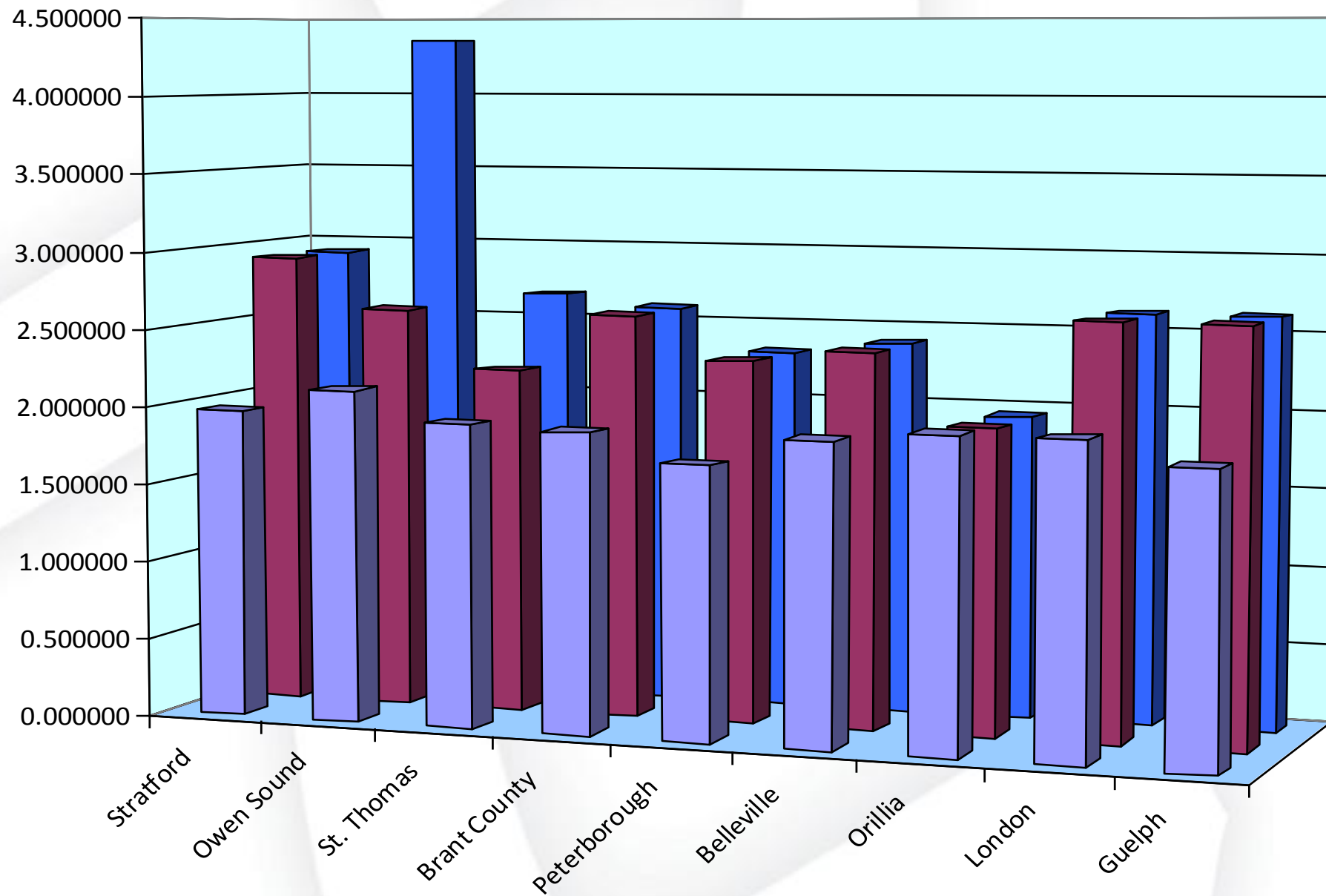
# Tax Class Ratios

## City of Stratford - Tax Ratios



# Class Ratios – Comparisons

## Per 2011 FIR



2011 Commercial

2011 Industrial

2011 Large Industrial

## 2013 Re-assessment

- New Assessment Based on January 1, 2012 Valuation Date
- 4 Year Cycle – Tax Years 2013 – 2016
- New Assessment Roll will be received mid December 2012
- Any equity assessment **increases** will be “Phased-In” over 4 years – 25% per year
- Any equity assessment **decreases** take effect in 2013

## 2013 Reassessment

**It is important to note the Difference between Equity Change and Assessment Growth**

- Assessment Equity Change is the change up or down based on the change in market conditions at a new valuation date – Re-assessment
- Assessment Growth are changes up or down based on changes either physical or methodological – ie. New construction, ARB decision, demolitions, etc.

# 2013 Reassessment – What does it Mean?

## MPAC Notice Based Preliminary Information

<b>Class</b>	<b>CVA</b>	<b>Phase-In CVA</b>
Residential	10.16%	2.27%
Farm	76.2%	18.91%
Commercial	5.63%	0.62%
Industrial	-1.24%	-2.07%
Multi-Residential	1.78%	0.43%
Pipeline	-3.92%	-3.92%



# 2013 Reassessment – Preliminary Tax Shifts

2012 Adjusted (As at MPAC Fall Report)

	Total Wtd CVA Returned	%	Tax Revenue
<b>TAXABLE</b>			
Residential	2,447,269,360	64.82%	29,678,403
Farm	1,519,918	0.04%	18,432
Pipeline	11,015,700	0.29%	133,589
<b>SubTotal</b>	<b>2,459,804,978</b>	<b>65.16%</b>	<b>\$ 29,830,424</b>
Multi-Residential	292,165,593	7.74%	3,543,136
Commercial	654,011,209	17.32%	7,931,292
Industrial	184,419,605	4.88%	2,236,484
Large Industrial	150,410,448	3.98%	1,824,050
<b>SubTotal</b>	<b>1,281,006,855</b>	<b>33.93%</b>	<b>\$ 15,534,962</b>
<b>Total Taxable</b>	<b>3,740,811,832</b>	<b>99.09%</b>	<b>\$ 45,365,386</b>
<b>PAYMENTS IN LIEU</b>			
Residential	256,800	0.01%	3,114
Commercial	32,928,265	0.87%	399,326
Industrial	1,246,599	0.03%	15,118
Large Industrial		0.00%	-
<b>SubTotal</b>	<b>34,431,664</b>	<b>0.91%</b>	<b>\$ 417,558</b>
<b>TOTAL</b>	<b>3,775,243,496</b>	<b>100.00%</b>	<b>\$ 45,782,944</b>

2013 Estimates

Total Wtd CVA	%	Tax Revenue (NTR)	Inc/Dec from 2012 NTR
2,502,867,895	65.37%	29,928,941	0.84%
1,807,357	0.05%	21,612	17.25%
10,584,126	0.28%	126,563	-5.26%
<b>2,515,259,378</b>	<b>65.69%</b>	<b>\$ 30,077,116</b>	<b>0.83%</b>
293,478,977	7.66%	3,509,380	-0.95%
657,839,533	17.18%	7,866,352	-0.82%
180,830,116	4.72%	2,162,341	-3.32%
146,363,722	3.82%	1,750,197	-4.05%
<b>1,278,512,348</b>	<b>33.39%</b>	<b>\$ 15,288,270</b>	<b>-1.59%</b>
<b>3,793,771,726</b>	<b>99.08%</b>	<b>\$ 45,365,386</b>	<b>0.00%</b>
266,625	0.01%	3,188	2.38%
33,590,929	0.88%	401,676	0.59%
1,253,775	0.03%	14,992	-0.83%
	0.00%	-	
<b>35,111,329</b>	<b>0.92%</b>	<b>\$ 419,856</b>	<b>0.55%</b>
<b>3,828,883,054</b>	<b>100.00%</b>	<b>\$ 45,785,243</b>	<b>0.01%</b>

# 2013 Reassessment - Considerations

- Imperative that Proactive Assessment Management takes place to ensure phase-in or capping protection is correct
- Any Levy increase is only 50% attributed to Industrial Class – Hard Cap
- Consider using Revenue Neutral Class Ratios to remove Tax shifts caused by reassessment

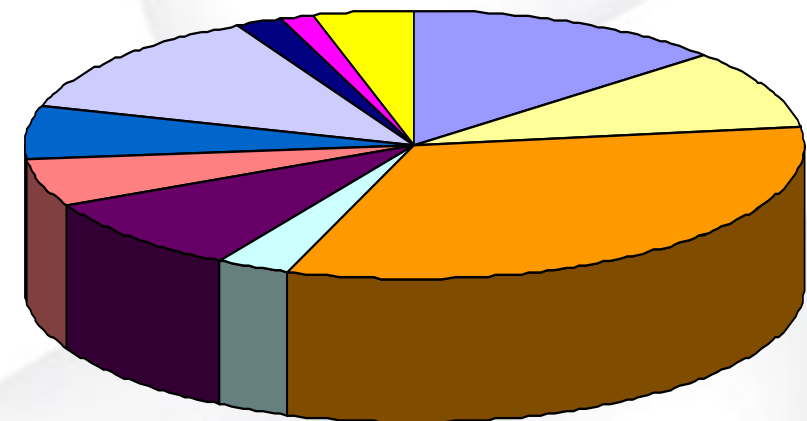


# Stratford's Financial Information



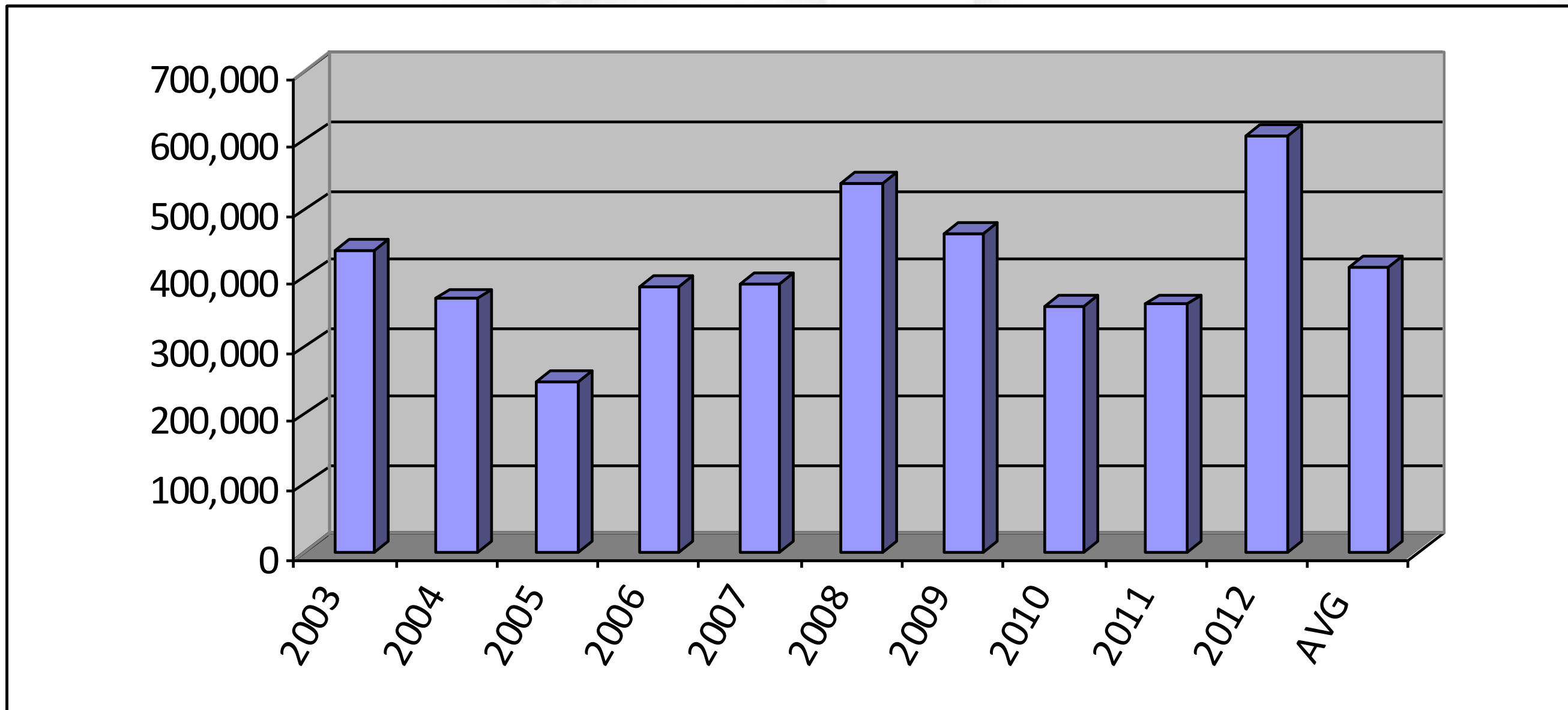
# Where Stratford Tax Dollars are Spent

Gen Government	\$6,348,104	13.41%
Debt Servicing	4,458,779	9.42%
Protection	15,341,088	32.41%
Transportation	1,495,652	3.16%
Environmental	4,307,973	9.10%
Social Services	2,756,161	5.82%
Health	2,985,175	6.31%
Community	6,079,051	12.84%
Planning	916,509	1.94%
Grants	687,590	1.45%
Capital	1,962,338	4.15%



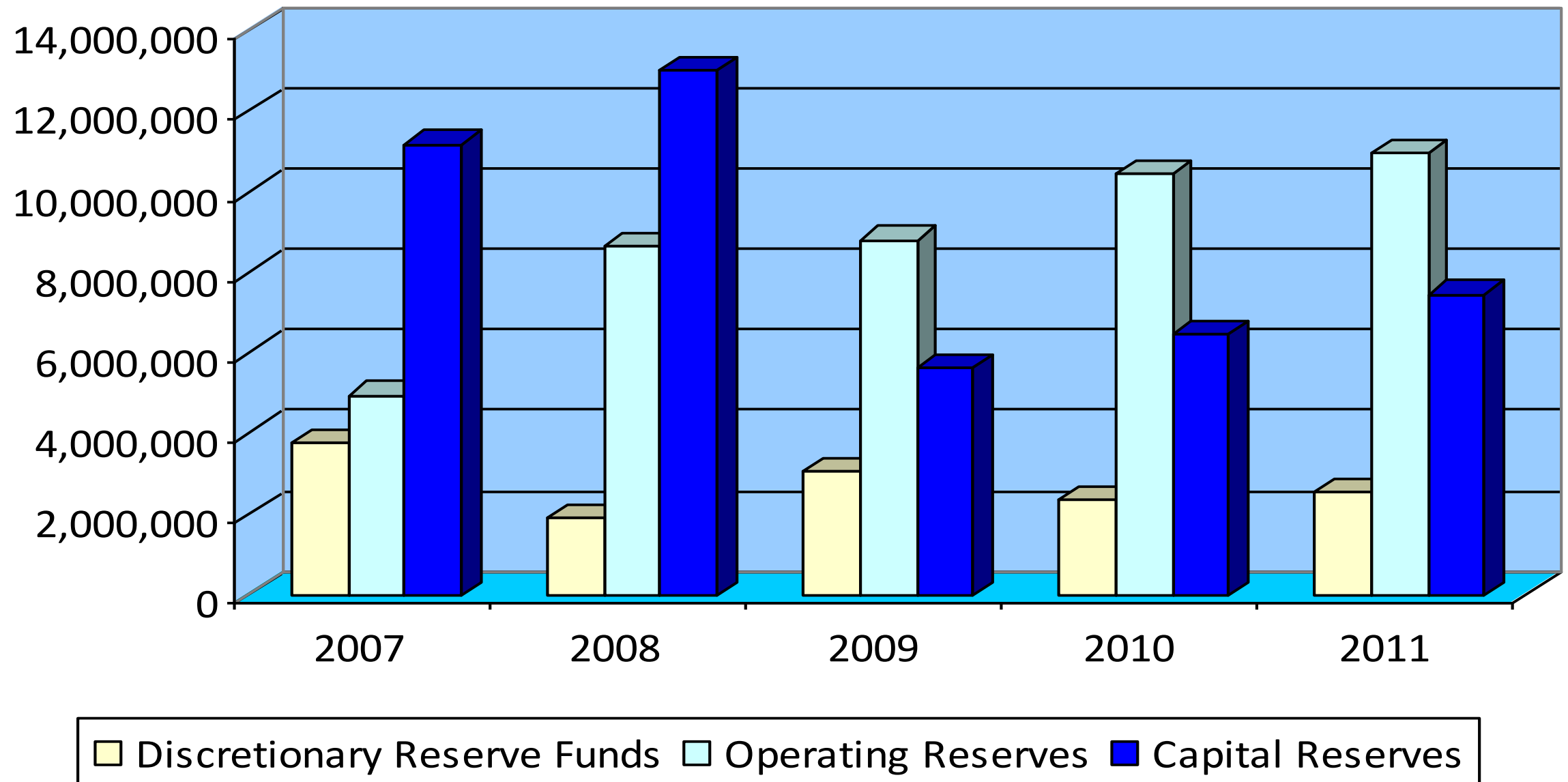
# Annual Assessment Growth

## 2012 Based on MPAC Noticed Based Report



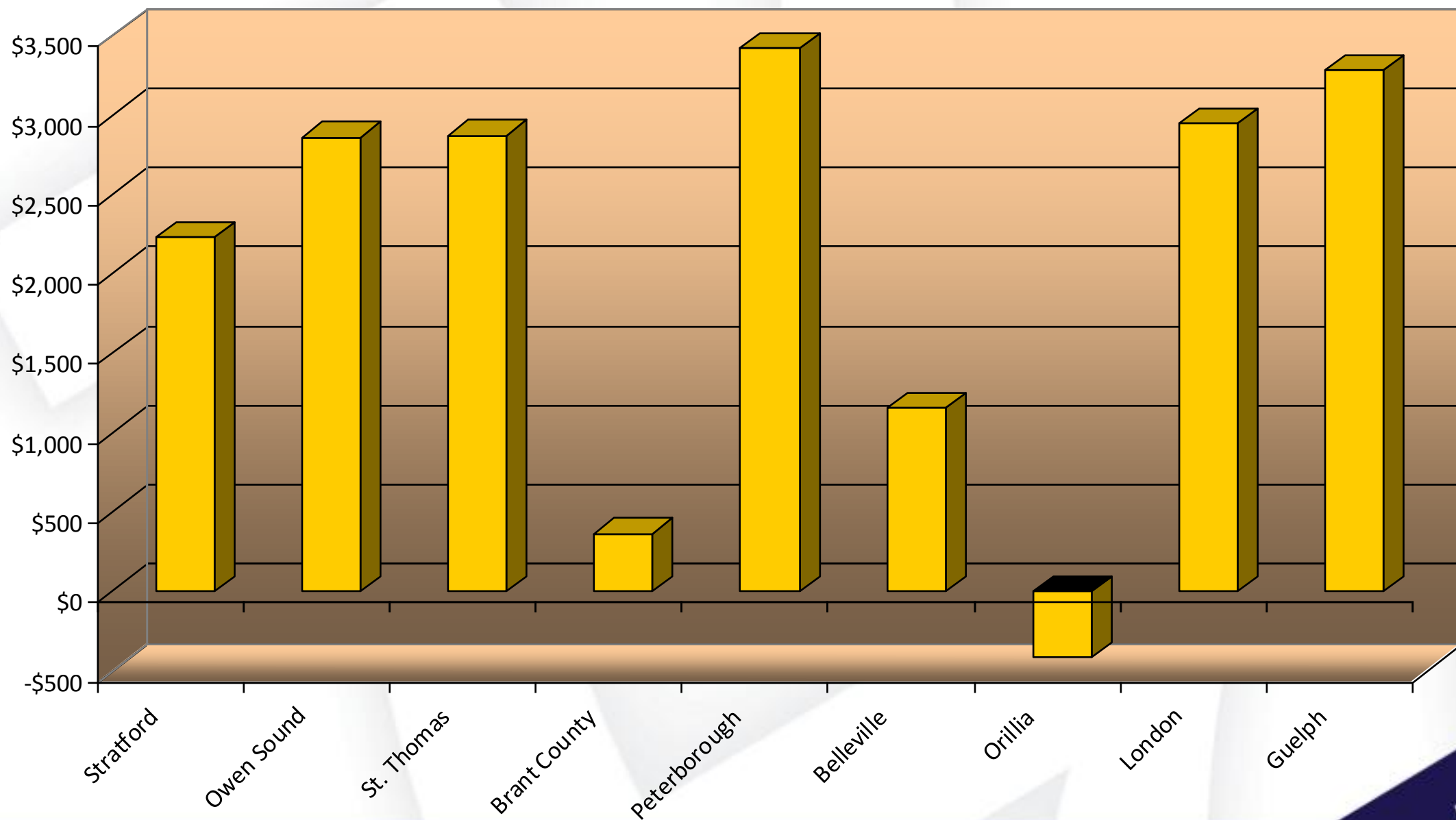
# Reserves and Reserve Funds

## Reserve Balances



# Reserves & Reserve Funds - Comparison

## Reserves per Household - Per 2011 FIR

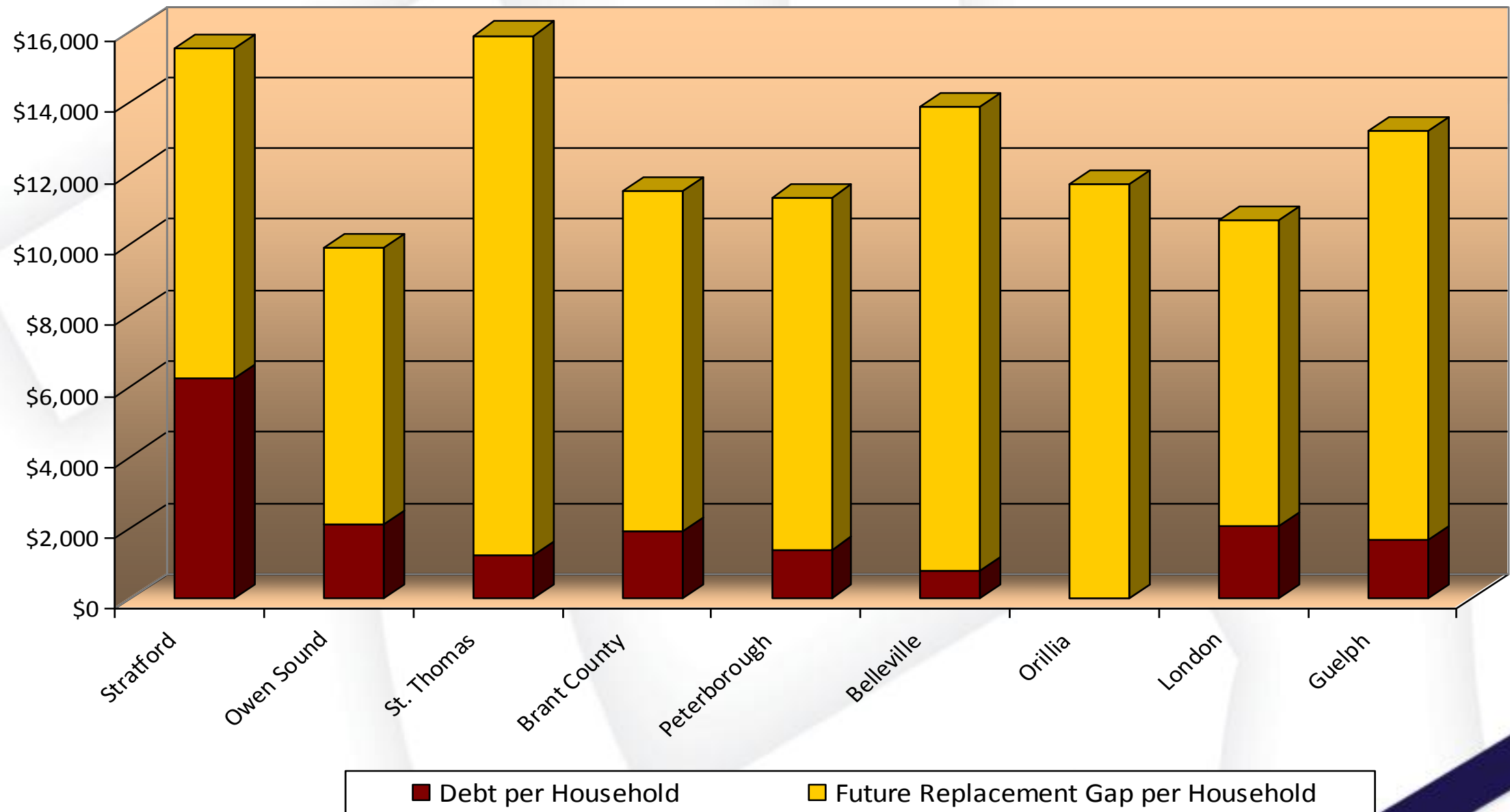


# Long Term Debt

- 2012 Year End Long Term Debt estimated at \$93.4M
- 2013 is projected to be the peak of Debt Servicing Costs
- A Long Term Capital plan will assist Council in determining future debt levels

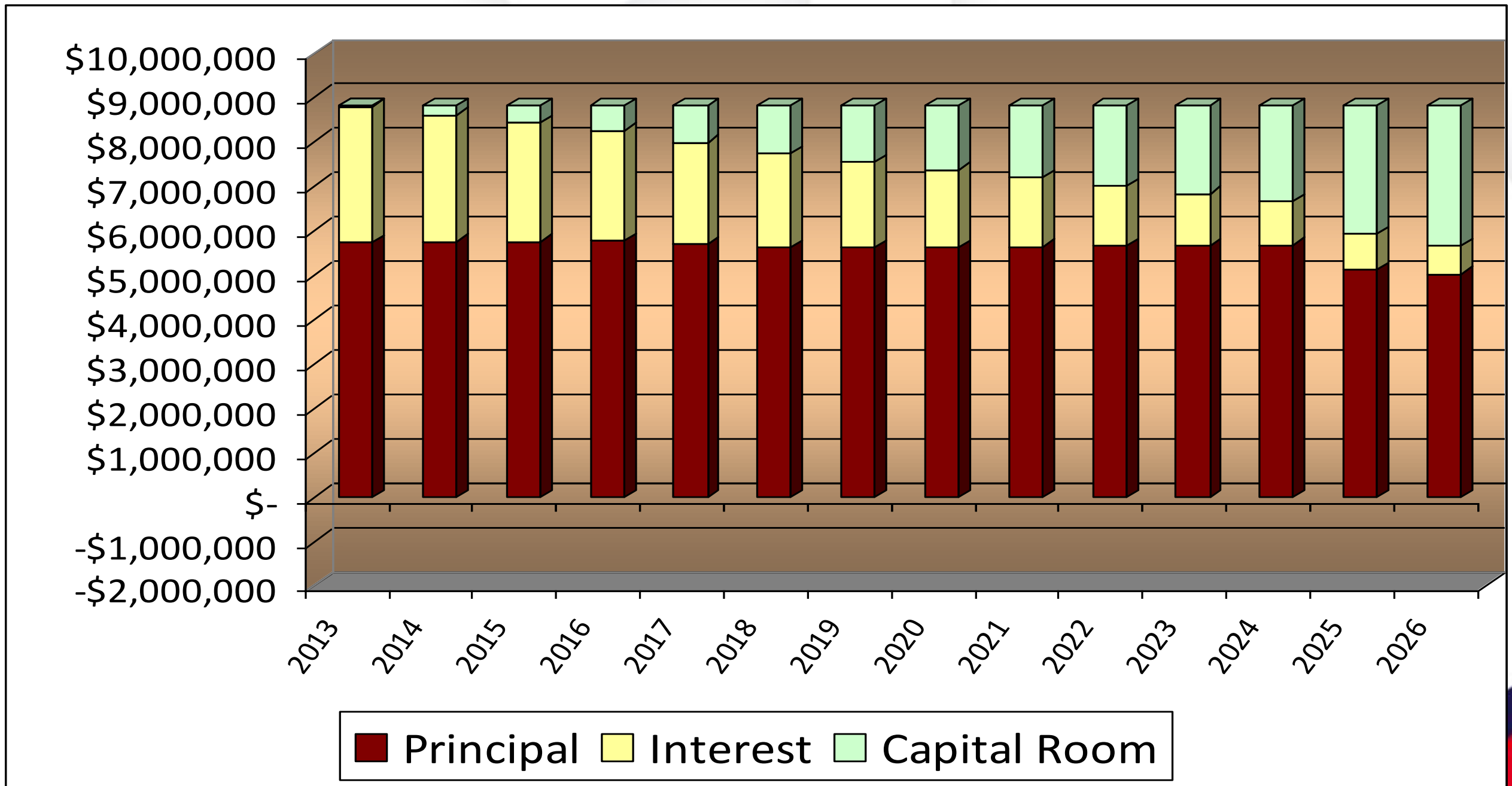
# Long Term Debt – In Perspective

## Future Capital Requirements per Household



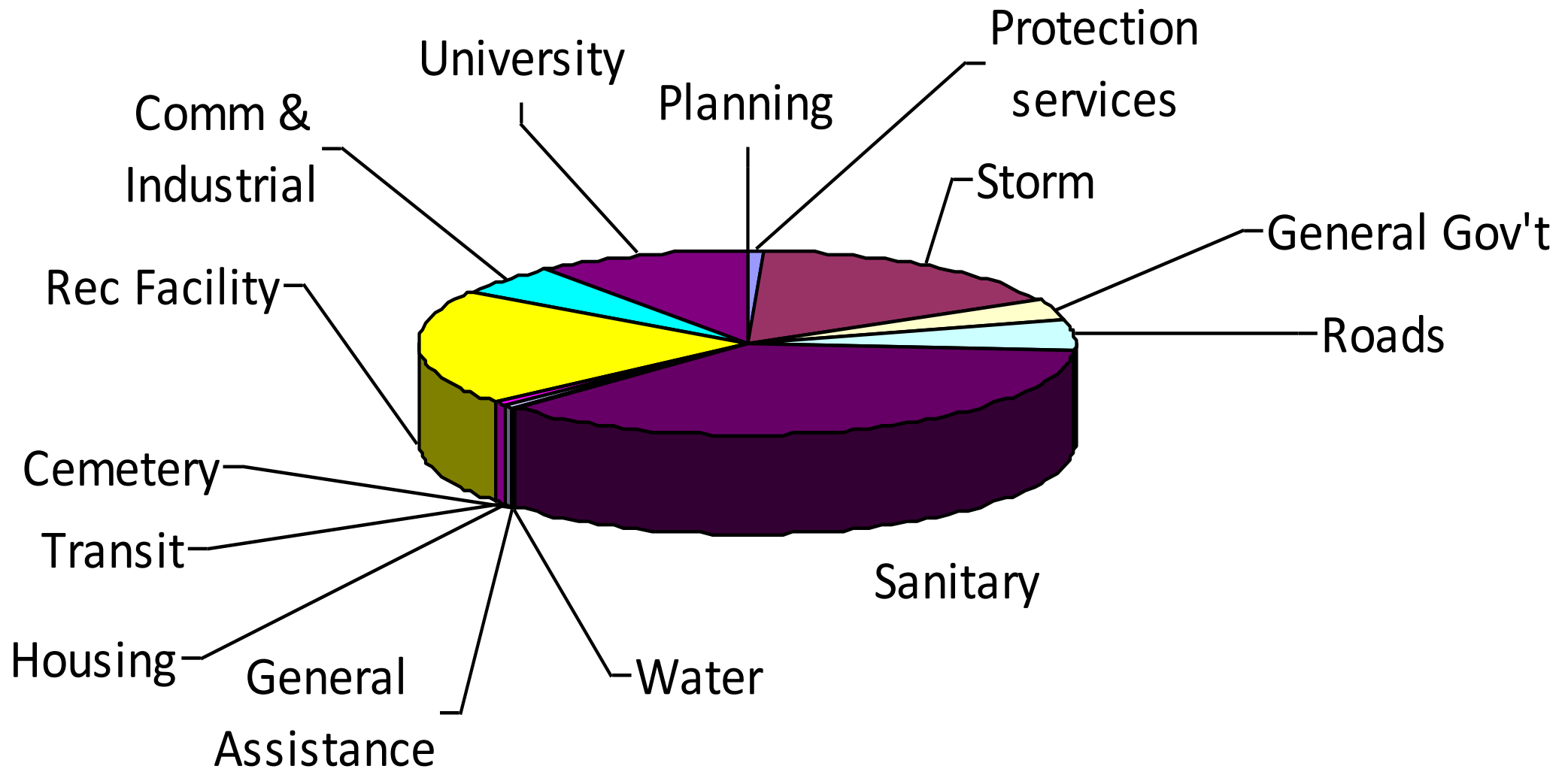


# Long Term Debt – Future Projected Payments



# Long Term Debt

## Long Term Debt by Service



# Long Term Debt – Sources of Funding



# Long Term Debt – MMAH Regulation

Municipalities are regulated under Ontario Regulation 403/02 for their Annual Debt Repayment Limit (ARL)

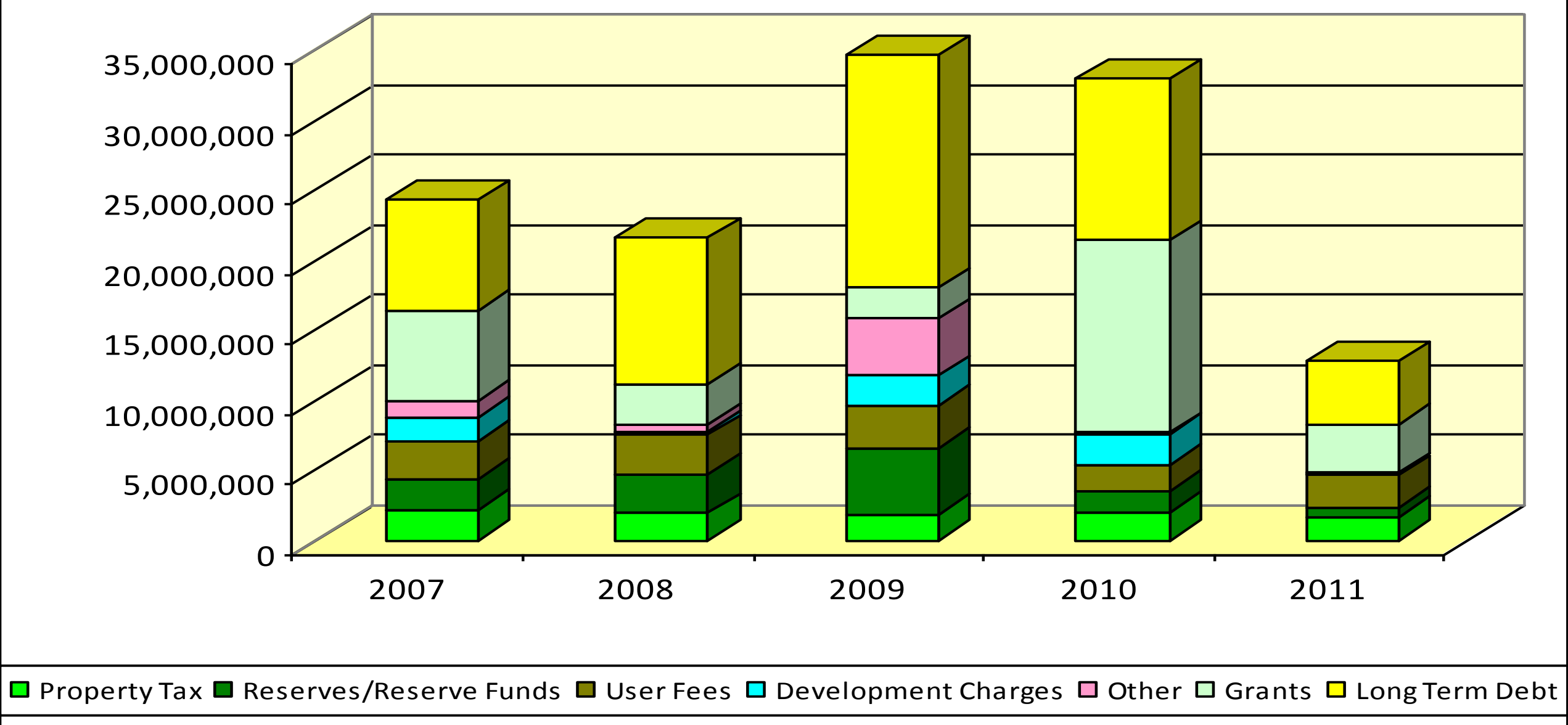
ARL – City of Stratford – Feb 2012:

Limit	\$18,858,789
2013 Est Debt Charges	\$ 8,792,351

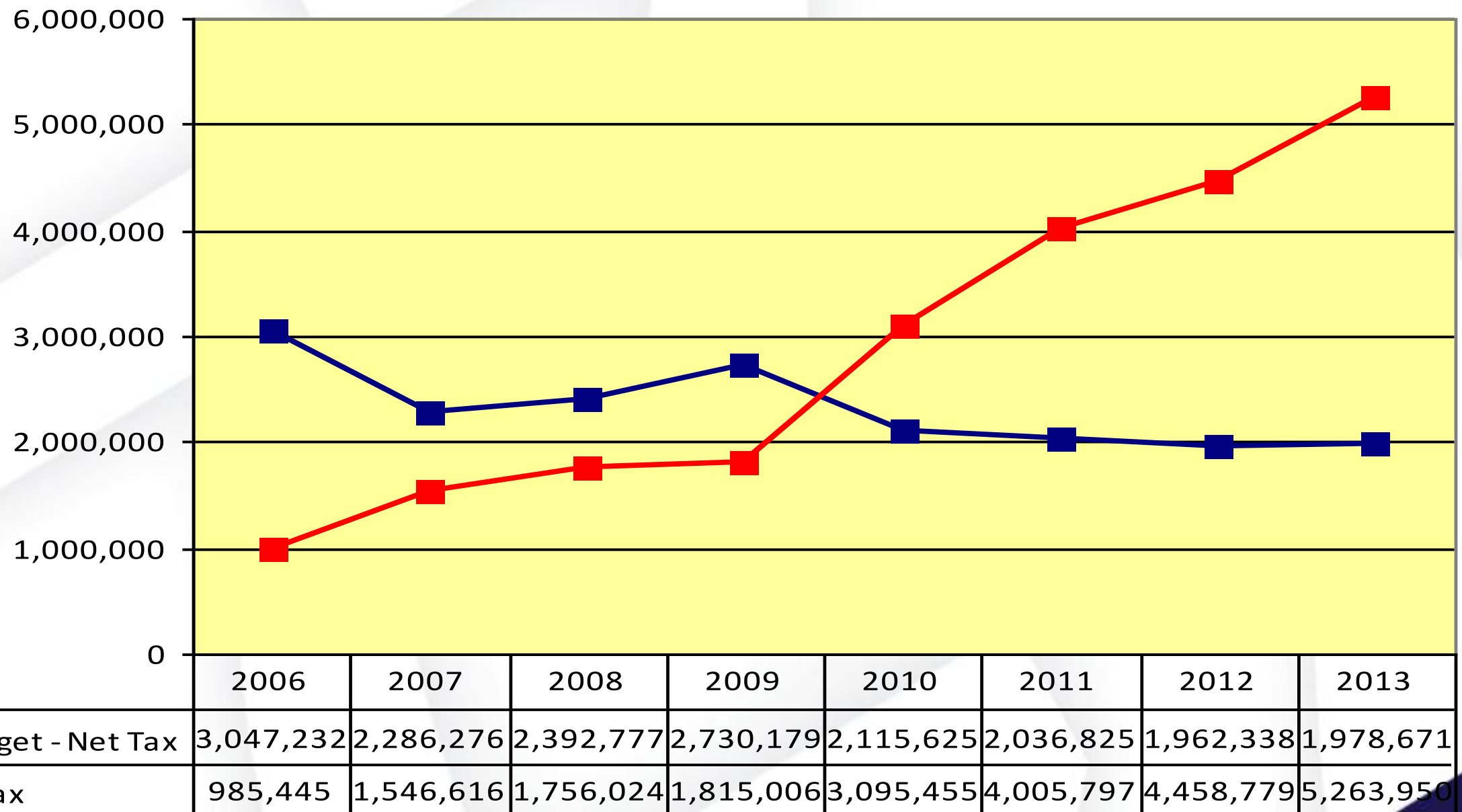


# Capital Spending – By Financing Source

## Sources of Capital Financing



# Capital Spending – Historical Trend



Capital Budget - Net Tax P & I - Net Tax

# 2013 Preliminary Budget Summary

	<b>Amount \$</b>	<b>Increase %</b>
Net Operating	45,501,657	4.68%
Net Capital	1,978,671	0.83%
Net Tax Levy	46,996,388	4.03%
2012 Growth — PER MPAC	608,177	
2013 Net Tax Increase	1,215,607	2.65%
Residential Increase	1,043,655	3.52%
Commercial Increase	143,519	1.81%



**THANK YOU**  
**QUESTIONS ?**

