

CITY OF RICHMOND HILL
2020 Draft Budget

CORPORATE REVENUES & EXPENDITURES

2020 Draft Budget Submitted and Reviewed by:



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CITY OF RICHMOND HILL

2020 Draft Budget

CORPORATE REVENUES & EXPENDITURES

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CORPORATE REVENUES & EXPENDITURES

OVERVIEW

This budget area provides a consolidation of revenues and expenditures, which are corporate-wide rather than department specific. They include the City's annual revenues from supplementary taxation, payments in lieu of taxes, investment income, tax arrears penalties, and transfers from other funds. Expenditures include the annual contribution to the repair and replacement reserve funds, provisions for tax assessment appeal and other adjustments, grants and tax rate funded capital. The net total funding / revenue sources provide significant offsets to the City's total operating costs.

This program is separate from, but accounted for by the Corporate & Financial Services Department.

2020 Budget Highlights

The 2020 Draft Budget for the Corporate Accounts is a net revenue of \$417,300 before taxation. The 2020 Draft Taxation Revenue is \$122,870,900, reflective of a 1% tax rate increase.

	2018 Actus	Preliminary Actuals at 31-Oct-19	2019 Approved Budget	2020 Draft Budget	Varian (Favourle) / Unfavourble	
Expenditures						
Corporate Accounts	\$ 13,789,853	\$ 11,758,097	\$ 13,170,800	\$ 14,731,300	1,560,500	
Grants	381,529	249,160	362,700	403,000	40,300	
BIA Village of RH	100,446	-	92,800	92,800	-	
Total Expenditures	\$ 14,271,	\$ 12,007,257	\$ 13,626,300	\$ 15,227,100	\$ 1,600,	11.7%
Revenues						
Corporate Accounts	(14,612,821)	(16,997,250)	(16,509,100)	(15,471,600)	1,037,500	
Grants	(77,028)	-	(80,000)	(80,000)	-	
BIA Village of RH	(100,446)	(49,629)	(92,800)	(92,800)	-	
Total Revenues	\$ (14,790,	\$ (17,046,879)	\$ (16,681,900)	\$ (15,644,400)	\$ 1,037,	(6.2%)
Net						
Corporate Accounts	(822,968.52)	(5,239,153)	(3,338,300)	(740,300)	2,598,000	
Grants	304,501.31	249,160	282,700	323,000	40,300	
BIA Village of RH	-	(49,629)	-	-	-	
Net Budget before Taxation	\$ (518,	\$ (5,039,623)	\$ (3,055,600)	\$ (417,300)	\$ 2,638,	(86.3%)
Net Budget Taxation	\$ (114,696,	\$ (119,835,747)	\$ (119,617,100)	\$ (122,870,900)	\$ (3,253,	
Net Budget	\$ (115,214,	\$ (124,875,370)	\$ (122,672,700)	\$ (123,288,200)	\$ (615,	0.5%

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CORPORATE REVENUES & EXPENDITURES

OVERVIEW – Cont'd

Budget Change Explanations	2019 Budget	2020 Budget	Incremental Change	% Change Over Prior Year	Explanation
2019 Net Budget			\$ (3,055,600)		
BASE					
Expenditures					
<u>Corporate Accounts</u>					
Personnel Contingency Account	-	1,100,800	1,100,800		To reflect provision for negotiated settlement
ADP Payroll Charges	230,000	115,000	(115,000)		Reduced ADP charges as a result of the transition to Rhhub (Spring 2020)
Promotions	23,000	32,500	9,500		Additional costs for retiree gifts due to the increased # of expected retirees
Provisions - Assessment Appeals	375,000	400,000	25,000		Based on outstanding cases from Assessment Review Board
<u>Grants</u>					
Senior Tax Assistance	224,200	264,500	40,300		Based on historical trend
Revenues					
<u>Corporate Accounts</u>					
P.I.L. - Canada Post	(128,000)	(105,000)	23,000		Based on historical trend
P.I.L. - L.C.B.O	(9,000)	(10,000)	(1,000)		Based on historical trend
P.I.L. - Region of York	(65,000)	(120,000)	(55,000)		Based on historical trend
P.I.L. - Metrolinx	(115,000)	(116,000)	(1,000)		Based on historical trend
EBC Tenants Base Rent	(150,500)	(179,300)	(28,800)		As per the lease agreement
Transfers from Water	(3,577,800)	(4,077,800)	(500,000)		Transfer from Water & Wastewater increased to offset inflationary pressures and reflect greater allocation of corporate efforts to WWW
Tax Arrears - Penalties & Interest	(3,350,000)	(3,500,000)	(150,000)		Based on historical trend
Base Budget			347,800	(11.4%)	
UNSUSTAINABLE REVENUE & SPEICAL LEVY					
<u>Corporate Accounts</u>					
Transfer from Training & Development Reserve	(200,000)	(150,000)	50,000		Reduced Tranfers from Reserve
Transfer to Infrastructure Reserves Funds		928,400	928,400		Additional contribution from increase in Capital Levy
Contribution to Cash to Capital		232,100	232,100		Additional contribution from increase in Capital Levy
Investment Income	(5,870,000)	(5,050,000)	820,000		Year 1 of 3 year plan to reduce investment income budget
Tax Rate Stabilization Reserve Draw - Growth Rate Stab Strategy	(244,800)	-	244,800		Year 5 of 5 year plan to eliminate Growth Rate Strategy
Total Unsustainable Revenue & Special Levy			2,275,300	(74.5%)	
Incremental Change			2,638,300	(86.3%)	
2020 Net Budget before Taxation			(417,300)	(86.3%)	

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CORPORATE REVENUES & EXPENDITURES

OVERVIEW – Cont'd

Budget Change Explanations	2019 Budget	2020 Budget	Incremental Change	% Change Over Prior Year	Explanation
Municipal Levy (Taxation)					
2019 Net Budget			\$ (119,617,100)		
GROWTH					
Tax Revenue	(113,955,500)	(116,048,800)	(2,093,300)		Based on 1.84% assessment growth in 2020
Total Growth			(2,093,300)	1.8%	
SPECIAL LEVY					
Capital Sustainability Special Levy	(4,231,600)	(5,392,100)	(1,160,500)		Levy to fund the Town's Capital Reserve Funds
Total Special Levy			(1,160,500)	1.0%	
Incremental Change			(3,253,800)	2.7%	
2020 Net Budget Taxation			(122,870,900)	2.7%	

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CORPORATE REVENUES & EXPENDITURES

CORPORATE ACCOUNTS

Program Description

Corporate Revenues provide for revenues, which are corporate in nature and are not department specific. They include payments-in-lieu of taxes from the Federal and Provincial Governments, and institutional levies in accordance with the Municipal Act. Investment income, tax arrears penalties and transfers from other municipal funds are also included.

Corporate Expenditures provide for expenditures, which are corporate in nature and are not department specific. They include the City's annual contribution to the infrastructure repair and replacement reserve funds, provisions for tax assessment appeal and other adjustments.

2020 Budget Highlights

	2018 Actual	Preliminary Actuals at 31-Oct-19	2019 Approved Budget	2020 Draft Budget	Varian (Favourble) / Unfavourble	
Expenditures						
Personnel Contingency Account	\$ 217,885	\$ -	\$ -	\$ 1,116,000	\$ 1,116,000	
Gapping Vacancy Factor	-	-	(1,165,000)	(1,165,000)	-	
Retiree Benefits	218,494	193,104	240,000	240,000	-	
Professional Fees - O.M.B	57,900	67,809	200,000	200,000	-	
Credit Card, Bank Fees and ADP Payroll Charges	372,553	337,045	405,000	290,000	(115,000)	
General Contracts	-	-	40,000	40,000	-	
Provision for Assessment Adjustments & Rebate	302,933	256,439	375,000	400,000	25,000	
Transfer to Reserves	182,334	-	500,000	500,000	-	
Transfer to Infrastructure Reserves Funds	9,057,607	8,386,083	10,063,300	10,356,200	292,900	
Cash to Capital RF Allocation	2,124,100	1,956,167	2,347,400	2,579,500	232,100	
Other Expenditures	1,256,047	561,450	165,100	174,600	9,500	
Total Expenditures	\$ 13,789,853	\$ 11,758,097	\$ 13,170,800	\$ 14,731,300	\$ 1,500	11.8%
Revenues						
Investment Income	\$ (2,985,944)	\$ (8,106,976)	\$ (5,870,000)	\$ (5,050,000)	820,000	
Tax Arrears - Penalties & Int.	(3,586,582)	(3,890,424)	(3,350,000)	(3,500,000)	(150,000)	
Transfer from Capital fund	(900,000)	-	(1,639,400)	(1,003,900)	635,500	
Transfer from Tax Rate Stabilization Reserve	(489,500)	(204,000)	(244,800)	-	244,800	
Transfer from Other Funds	(3,166,500)	(2,981,500)	(3,577,800)	(4,077,800)	(500,000)	
Transfer from OMB Reserve	(57,900)	(67,809)	(200,000)	(200,000)	-	
Transfer from Reserve Funds	(906,855)	(314,200)	-	-	-	
EBC Tenants Base Rent	(140,706)	(158,842)	(150,500)	(179,300)	(28,800)	
Payments in Lieu of Taxes	(1,101,059)	(985,816)	(471,600)	(505,600)	(34,000)	
Opening Surplus	(452,200)	(119,000)	-	-	-	
Other Miscellaneous	(825,575)	(168,683)	(1,005,000)	(955,000)	50,000	
Total Revenues	\$ (14,612,821)	\$ (16,997,250)	\$ (16,509,100)	\$ (15,471,600)	\$ 1,500	(6.3%)
Net Budget	\$ (822,969)	\$ (5,239,153)	\$ (3,338,300)	\$ (740,300)	\$ 2,000	(77.8%)

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CORPORATE REVENUES & EXPENDITURES

CORPORATE ACCOUNTS – Cont'd

	2019 Approved Budget	Base	Legislated	Annualization	New/Growth Staff & Program	Unsustainable Revenue Sources	2020 Draft Budget
Expenditures							
Personnel Contingency Account	\$ -	\$ 1,100,800	\$ -	\$ 15,200	\$ -	\$ -	\$ 1,116,000
Gapping Vacancy Factor	(1,165,000)	-	-	-	-	-	(1,165,000)
Retiree Benefits	240,000	-	-	-	-	-	240,000
Professional Fees - O.M.B	200,000	-	-	-	-	-	200,000
Credit Card, Bank Fees and ADP Payroll Charges	405,000	(115,000)	-	-	-	-	290,000
General Contracts	40,000	-	-	-	-	-	40,000
Provision for Assessment Adjustments & Rebate	375,000	25,000	-	-	-	-	400,000
Transfer to Reserves	500,000	-	-	-	-	-	500,000
Transfer to Infrastructure Reserves Funds	10,063,300	(635,500)	-	-	-	928,400	10,356,200
Cash to Capital RF Allocation	2,347,400	-	-	-	-	232,100	2,579,500
Other Expenditures	165,100	9,500	-	-	-	-	174,600
Total Expenditures	\$ 13,170,	\$ 384,800	\$ -	\$ 15,200	\$ -	\$ 1,160,500	\$ 14,731,300
Revenues							
Investment Income	\$ (5,870,000)	\$ -	\$ -	\$ -	\$ -	\$ 820,000	(5,050,000)
Tax Arrears - Penalties & Int.	(3,350,000)	(150,000)	-	-	-	-	(3,500,000)
Transfer from Capital fund	(1,639,400)	635,500	-	-	-	-	(1,003,900)
Transfer from Tax Rate Stabilization Reserve	(244,800)	-	-	-	-	244,800	-
Transfer from Other Funds	(3,577,800)	(500,000)	-	-	-	-	(4,077,800)
Transfer from OMB Reserve	(200,000)	-	-	-	-	-	(200,000)
EBC Tenants Base Rent	(150,500)	(28,800)	-	-	-	-	(179,300)
Payments in Lieu of Taxes	(471,600)	(34,000)	-	-	-	-	(505,600)
Other Miscellaneous	(1,005,	-	-	-	-	50,000	(955,000)
Total Revenues	\$ (16,509,	\$ (77,300)	\$ -	\$ -	\$ -	\$ 1,114,800	\$ (15,471,600)
Net Budget	\$ (3,338,	\$ 307,500	\$ -	\$ 15,200	\$ -	\$ 2,275,300	\$ (740,300)

Base Expenditure

- Personnel Contingency Account expenditure increased by \$1,116,000 to provide for the potential corporate impact of collective bargaining negotiations
- ADP charges have been reduced by \$115,000 as a result of the transition to the new ERP system
- Provision for Assessment Appeals increased by \$25,000 based on the outstanding cases from the Assessment Review Board.
- Increases to Other Expenditures is a result of the additional cost of retiree gifts due to the increased number of expected retirees in the upcoming year.

Base Revenue

- Penalties and Interest on arrears increased by \$150,000 based on historical trends.
- Transfer from other funds is comprised of the following:

	<u>2019</u>	<u>2020</u>
Water & Wastewater Fund – Corporate Overhead	\$2,074,200	\$2,254,000
Water & Wastewater Fund – Stormwater	1,503,600	1,823,800
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Total	\$3,577,800	\$4,077,800

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CORPORATE ACCOUNTS – Cont'd

Base Revenue

- EBC Building Rental income increased by \$28,800 as per tenant lease agreements.
- Payments in Lieu of Taxes are budgeted at \$505,600, which is \$34,000 higher than the 2019 budget due to changes in property tax assessments.

Unsustainable Revenue/Special Levy

- Budget for Transfer to the Infrastructure Repair & Replacement Reserve Fund and Cash to Capital allocation increased by \$1,160,500 reflective of the 1% increase in Capital Asset Sustainability Levy.
- Investment Income budget decreased by \$820,000 due to expected lower returns on short-term investments reflective of a continued low interest environment. This is the first year of a three year phased reduction to reduce by \$2.46 million.
- Transfer from Tax Rate Stabilization Reserve budget decreased by \$244,800 to account for the final year of the 5-year phase-out of the Growth Rate Stabilization Strategy.
- Decrease in Other Miscellaneous Revenues is due to a reduction in the Transfer from the Staffing, Training & Development Reserve.

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CORPORATE REVENUES & EXPENDITURES

GRANTS

	<u>2019</u>	<u>2020</u>
Seniors Tax Assistance	\$224,200	\$264,500
Disability Initiatives Grant	50,000	50,000
Ann Gold Scholarships	5,000	5,000
Road Watch Grant	3,500	3,500
Heritage Grant	30,000	30,000
Transfer from Reserves Grants	(30,000)	(30,000)
Total	<u>\$282,700</u>	<u>\$403,000</u>

Ann Gold Scholarships

This grant program was developed to recognize the importance of youth to the future of our community. The purpose of the annual program is to recognize graduating high school students who exemplify “Community Spirit” and to celebrate their achievements. Community Spirit is defined as students who take pride in their community, actively participate in school life, volunteer within the City and are role models for both their peers and younger students. The purpose of the scholarship is to assist with the cost of post secondary education.

Up to five scholarships for \$1,000 each are awarded to students who live in the City of Richmond Hill and are in their last year of high school pursuing a post-secondary education. These students must reside in the Town however; they may attend any high school, including those not located in Richmond Hill. This program is currently administered through the Mayor and Councillors’ office.

Seniors Tax Assistance

The 2019 budget approved a \$400 grant to Senior Homeowners. To be eligible for the Tax Assistance program the individual must have been a Richmond Hill resident for at least one year prior to the date of application and must be the assessed owner or spouse of the subject property. The applicant must also be in receipt of the Guaranteed Income Supplement as provided under the Old Age Securities Act (Canada). The grant is indexed to tax rate increases set by the City (for 2020, a 1% increase to \$404). Beginning in 2018, the cost of the grants was shared between the City and the school boards, with the City assuming 75% of the total costs.

Taxation Year	Grant Amount	Approved Applications	City’s Portion	Total Expense
2012	\$316	438	100%	\$138,408
2013	\$324	460	100%	\$149,016
2014	\$331	447	100%	\$147,950
2015	\$345	429	100%	\$147,950
2016	\$360	476	100%	\$171,345
2017	\$377	541	100%	\$203,957
2018	\$387	750	75%	\$224,200
2019	\$400	873	75%	\$264,500

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GRANTS – Cont'd

Disability Initiative Grant

The City of Richmond Hill has a parking offense fine for illegal parking in handicapped parking spots of \$300 per incident without a permit, of which 50% of these revenues are allocated to the Disabled Parking Reserve. Annually Council grants these funds towards Mobility Initiatives in the City based on application.

Road Watch Grant

The Road Watch Program is a community-based initiative supported by the City of Richmond Hill and York Regional Police to address aggressive and dangerous driving on public roads. The program raises awareness in the community that any member of the public can report any instance of aggressive and dangerous driving through the York Regional Police website and the reporting process is anonymous.

Heritage Grant

The Heritage Grant program is a program to promote heritage conservation of properties and buildings throughout the Town. The City of Richmond Hill existing heritage program was established in 1988 to encourage local residents to repair and preserve heritage resources and promote good conservation practices by providing grants to assist with lowering the cost associated with conservation work.

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MUNICIPAL LEVY

TAXATION

The City of Richmond Hill is responsible for setting its own tax rate and collecting taxes for the Regional Municipality of York and Education levies as prescribed by the Province of Ontario. Only the Municipal Levy is included in the City's budget.

2020 Budget Highlights

	2018 Actuals	Preliminary Actuals at 31-Oct-19	2019 Approved Budget	2020 Draft Budget	Variance (Favable) / Unfavorable	
Revenues						
Taxation	\$ (111,602,068)	\$ (115,604,479)	\$ (115,385,500)	\$ (117,478,800)	\$ (2,093,300)	
Capital Sustainability Special Levy	(3,094,003)	(4,231,268)	(4,231,600)	(5,392,100)	(1,160,500)	
	\$ (114,696,	\$ (119,835,	\$ (119,617,100)	\$ (122,870,900)	\$ (3,253,800)	2.7%
Net Budget	\$ (114,696,	\$ (119,835,	\$ (119,617,100)	\$ (122,870,900)	\$ (3,253,800)	2.7%

	2019 Approve Budget	Base	Legislated	Annualization	New/Growthff & Progras	Special Levy	2020 Draft Budget
Revenues							
Taxation	\$ (115,385,500)	\$ -	\$ -	\$ -	\$ (2,093,300)	\$ -	\$ (117,478,800)
Capital Sustainability Special Levy	(4,231,600)	-	-	-	-	(1,160,500)	(5,392,100)
	\$ (119,617,	\$ -	\$ -	\$ -	\$ (2,093,	\$ (1,160,500)	\$ (122,870,900)
Net Budget	\$ (119,617,	\$ -	\$ -	\$ -	\$ (2,093,	\$ (1,160,500)	\$ (122,870,900)

Growth

- Property assessment growth is estimated at 1.84% and is reflected in the Property Tax Revenue under Growth.

Special Levy

- In the 2016 budget, Council approved a Capital Asset Sustainability Levy to fund for increased contribution to the Town's Capital Reserve Funds. Ten-year strategy to increase fees by approximately 1% annually. The 2020 proposed rate would generate approximately \$1,160,500 in additional revenues.