



Q & A

MUNICIPAL FISCAL RESPONSIBILITY

Is Municipal Taxation review about generating more revenue?

The review of the Municipal taxation model is being conducted to revise how the total tax levy requirement is allocated among all Port Hope ratepayers in a method compliant with the Municipal Act. It does not have the effect of increasing the total Municipal budget, change service levels or introduce new taxes.

Is the Municipality spending in a responsible manner?

The Municipality undergoes a financial audit each year and annual financial information reports are provided to the province in accordance with legislation. As reflected in the Strategic Financial Plan conducted by BMA Consultants Inc. and adopted by Council in February 2013, From 2009 to 2012, the Municipality's gross operating expenditures increased only 1.0% significantly below inflation (6%) and salaries and wages decreased by 2.2%. In addition, the Municipality continues to operate well within the prescribed Ministry of Municipal Affairs and Housing debt limits.

Council works closely with Staff each year to bring forward a budget that addresses the priority needs of the Municipality while generally maintaining the same level of service for our ratepayers. The entire budget is reviewed in significant detail through a public process with all meetings advertised and Agendas and Minutes posted to the Municipal website. The annual Municipal budget, audited financial statements (including LLRW funds), Strategic Financial Plan, Asset Management Plan, and Service Delivery Review are all available on our website. Once adopted by Council, the budget is monitored monthly by the Budget Committee in an advertised open meeting to ensure spending is in line with the approved budget and avoid unplanned expenditures wherever possible. Further, year to date updates are provided quarterly to Council.

We look to continually maximize efficiencies and have adopted a number of the opportunities identified in the Service Delivery Review conducted in 2012 along with other savings and additional cost mitigation opportunities. However, both the Strategic Financial Plan and Asset Management Plan identify that additional funding is required for maintaining infrastructure.

Does the Municipality's financial system accurately record expenses for each Ward?

The Municipality operates as one community and, at the direction of Council, currently uses a single, unified accounting system.

If Council identifies certain Municipal services are to be deemed special services, the Municipal accounting system would be aligned accordingly.

What was the amount of Hope Township reserves prior to amalgamation and are there any remaining funds?

The December 31, 2000 Township of Hope audited Financial Statements (available on the website) show a total Municipal Position (equity) of \$984,777 with the Current Fund at \$135,485 and Reserves of \$848,292. The December 31, 2000 Town of Port Hope Audited Financial Statements show a total Municipal Position (including Port Hope Hydro) of \$6,206,228.

Each year the use of reserves is determined through the public Budget process and the funds are applied primarily towards capital in keeping with the original intention. The funds remaining in the Township of Hope reserves continue to be applied to many rural initiatives including the new rural subdivision road resurfacing annual program to be initiated in 2014.

Are the LLRW host community funds being used in accordance with the LLRW Legal Agreement and Amalgamation Order?

Legal counsel has advised that the manner in which the Municipality has administered the funds is in compliance with the Legal Agreement and Amalgamation Order.

The Legal Agreement states that once the license for the LLRW facility is granted, obligations regarding the use and investment of the fund would be terminated. The facility license was granted in 2009 and the Municipality has confirmed with legal counsel that the funds may be used as deemed appropriate by Council to address tax related matters and otherwise in accordance with applicable legislation.

The budget process includes allocation of the LLRW hosting fee interest. The investment of these funds is managed by CIBC Private Wealth Management and Council receives quarterly updates on the status of those investments at an open advertised Committee of the Whole meeting.

Since 2001, \$2.18M of the interest earned on the Ward 2 fund and \$3.37M of interest earned on the Ward 1 fund has been transferred to building and equipment reserves for use by the whole Municipality.

In accordance with the Strategic Financial Plan adopted by Council in 2013, the 2014 budget reflects the use of LLRW interest to fund Equipment and Building reserves. This approach reduces reliance on interest to decrease the tax levy and redirects funds to capital reserves. The reserves are used to fund future capital works, as recommended in the plan, supporting stability and mitigating risk of longer term increased tax requirements that would otherwise be required without sufficient reserves and thereby reduces reliance on the tax levy.

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