

Town of Kentville

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FINANCIAL REPORT

Budget 2011-2012 and Year ended March 31, 2011

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Introduction

The Town of Kentville is governed by an elected council consisting of a mayor and six councilors elected at large every four years. Council is responsible for establishing policies, programs and services and represents the interests of residents. The Town draws its authority from the Municipal Government Act which mandates the Town to provide municipal services within its boundaries.

The Town undertakes programs that serve the interests of the public:

- Legislative services
- Administrative and Corporate services
- Protective services
- Transportation services
- Environmental services
- Planning services
- Recreation, parks and culture services

This document reflects the direction of Town Council coupled with input from the management team and the community at large.

Officially, the Town must table its budgets in a format prescribed by the Province of Nova Scotia; however, this document is presented in a more colloquial format providing information along with performance indicators which reflect the Town's current and past results.

Town Council 2008-2012



Mayor Dave Corkum



Deputy Mayor Bill Boyd



Mark Pearl



Nola Folker-Hill



Bernie Cooper



Eric Bolland



Tony Bentley

Senior Management Team

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Carol Harmes, Town Clerk

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Executive Summary

The Town began its budget process early in 2011 by way of several strategy sessions which included Town Council and the senior management team. The final policy meeting offered Council a “view from 10,000 feet” in a Fiscal Framework strategy session which highlighted the major drivers in the upcoming 2011/2012 budget process.

That meeting highlighted the mandatory and fixed costs, along with projections on remuneration figures, which affect the 2011/2012 budget. In addition, Council heard information on a draft capital budget for 2011/2012 and the related debt servicing required to meet that initial draft. Town Council sent senior managers back to the table to tighten the operating figures and to adjust this initial capital budget– with a goal to significantly reduce the reliance on financing by way of long-term borrowing.

For the Town Operating Fund, the CAP legislation set the CPI for assessment at 2.9%. The increase in the 2011 assessments offset the tax rate required to balance the operating budget.

76 % of residential and resource properties are CAPped. Residential CAPped properties saw their property tax bills rise by 2.9%- the effect of the CAPped assessment increase, while the Commercial rate lift was an average of 2.0%, due to the Provincially-legislated phase-out of Business Occupancy assessments.

Compared to last year, operating expenses increased in the 2011/12 budget by \$315,000 (+2.9%). Revenue sources from other than taxation decreased by \$7,300. The shortfall to balance the budget was **\$ 322,300**. The shortfall was found in the new tax dollars generated, as per the chart below.

New Tax Dollars

<i>Residential/Resource</i>	<i>\$254,800</i>
<i>Commercial/ BO</i>	<i>44,700</i>
<i>Grants in Lieu</i>	<i><u>22,800</u></i>
<i>Net increase</i>	<i><u>\$322,300</u></i>

To meet the target of zero rate increase, senior managers pared their departmental budgets, while ensuring that service delivery is maintained at the high level our citizens expect.

2011/2012 Operating Budget Summary-*Expenses*

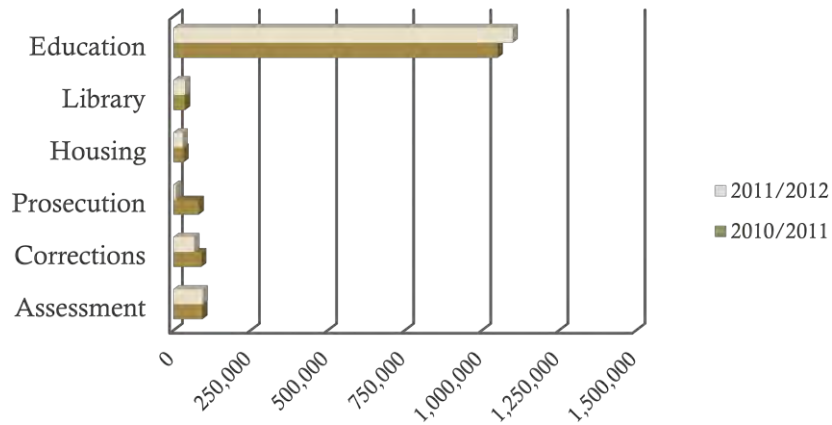
Operating Expenses total **\$ 11,339,200**, an increase of \$ 315,000 (+2.9%) over last year. This increase in expense will be recovered from the lift in 2011 property assessments afforded the Town by Property Valuation Services Corporation (PVSC).

Of the \$ 11.3 million budgeted, **fixed costs comprise \$ 4.1 million (36%)** of the total. These include mandatory tax collected on behalf of the Province of Nova Scotia for Education, Corrections, Housing and Library. It also includes several commitments made to organizations, our contribution to several joint boards and commissions along with other fixed expense related to debt repayment, area rates, valuation allowances and the recovery of any prior-year deficit position.

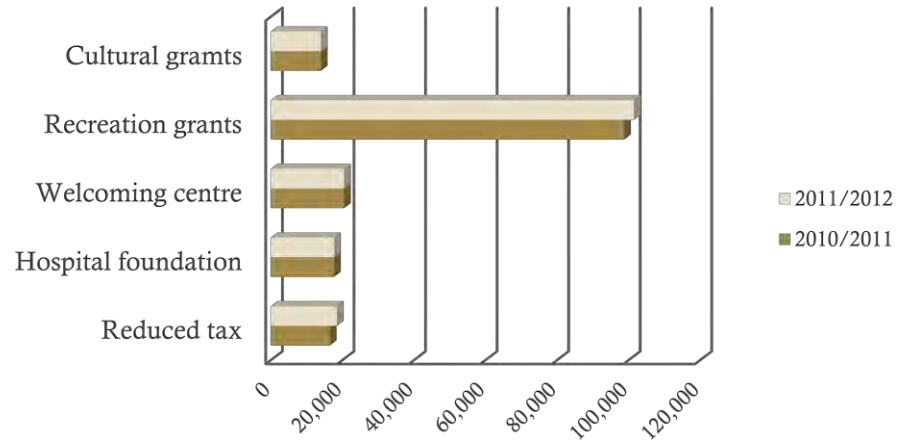
Of the \$ 11.3 million budgeted, **remuneration** for the Town's 65 full time and 40+/- seasonal personnel **totals \$ 4.2 million (37%)**. The Town of Kentville has two collective bargaining units, CUPE Local 4403, which comprises personnel from Public Works, Water Commission, Custodial, Arena and Recreation services. This collective agreement expires March 31, 2012. The second bargaining unit is PANS Local 107, which includes personnel of the Kentville Police Service. While this collective agreement expired March 31, 2008, talks between the concerned parties are currently underway. The Town's non-bargaining personnel fall beneath the umbrella of the Town's Personnel Policy manual.

Of the \$11.3 million budget, only **\$ 3.0 million (27%) of budgeted expenses are controllable by Town Council.**

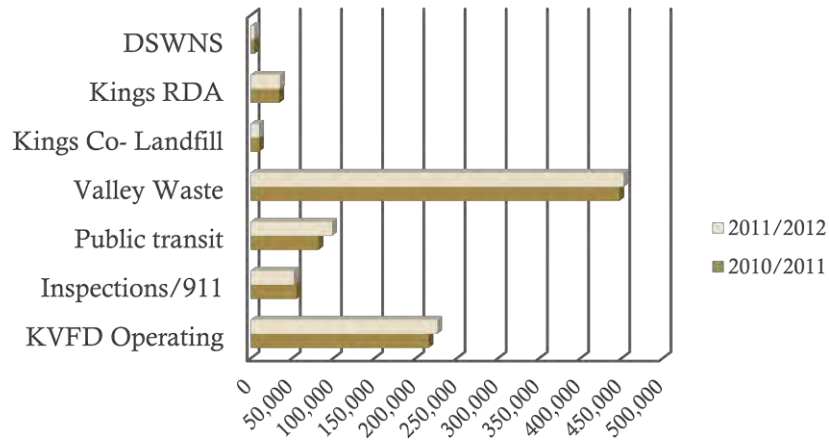
Mandatory Expense



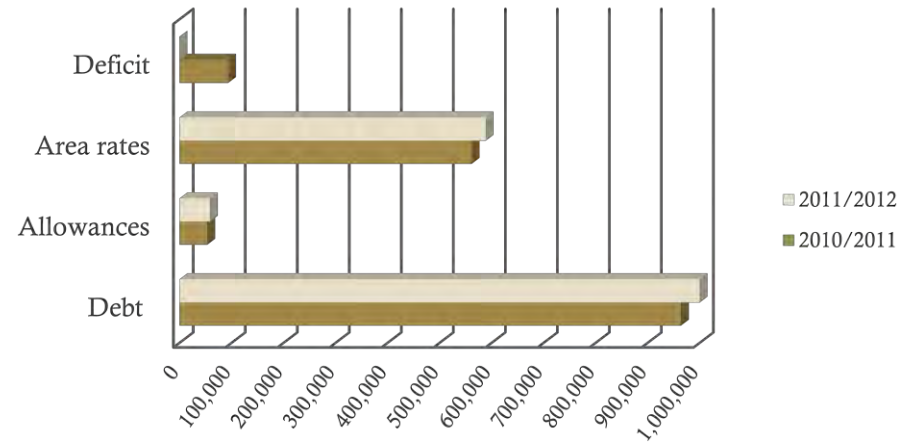
Commitments



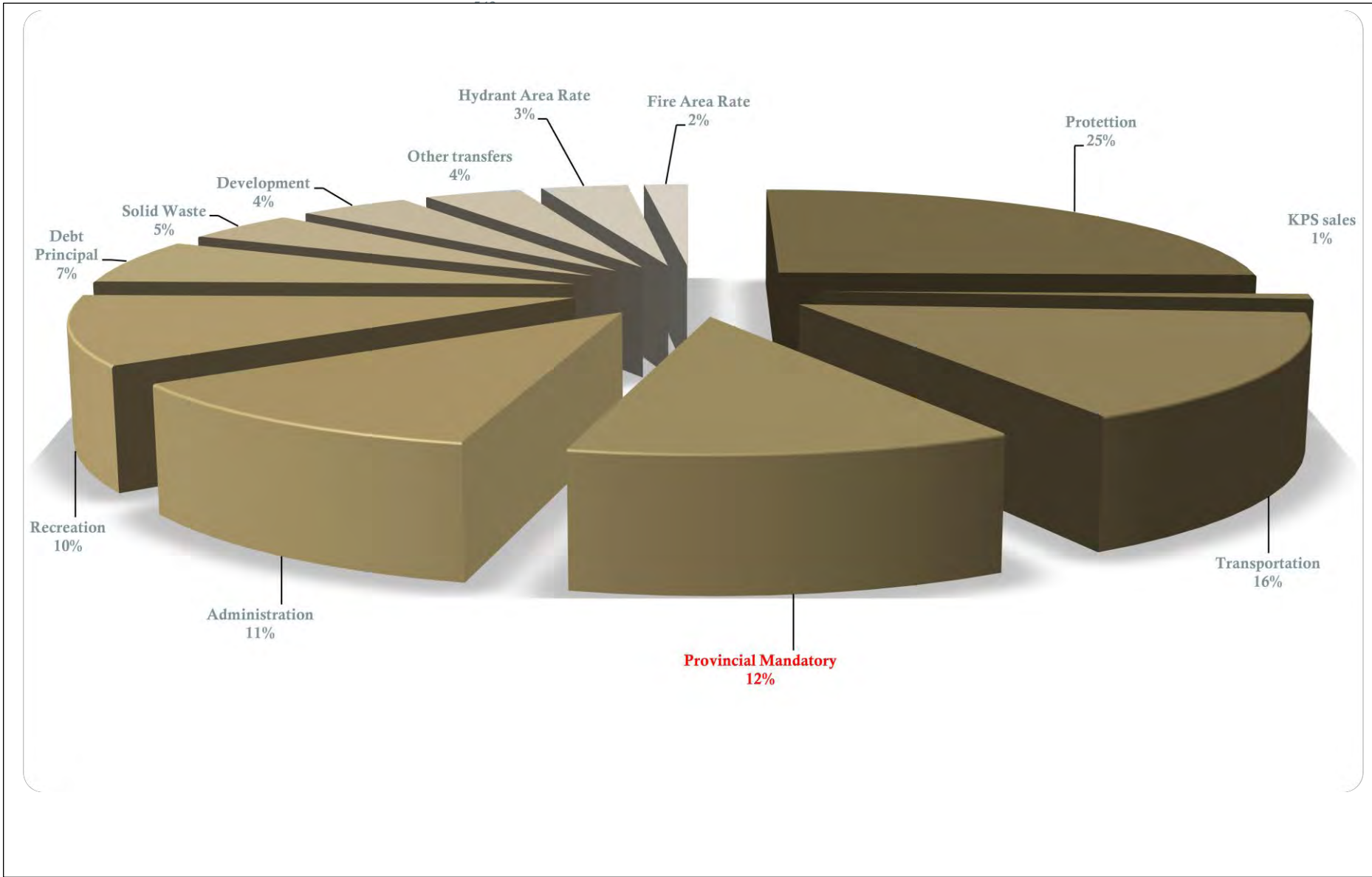
Joint Boards



Other Fixed Expense



2011/2012 Operating Budget Summary- Expenses (chart)



2011/2012 Operating Budget Summary- *Revenue*

Revenue other than Taxation	2011/2012
Other tax	\$29,500
Services provided	(60,300)
Sales	(204,700)
Own Source	48,900
Provincial transfers	(30,500)
Reserves	146,100
Surplus	63,700
Reduction in Other Revenue	\$(7,300)

VISION STATEMENT

“Kentville is a healthy, vibrant, integrated and complete community where citizens can live, work and play in an environment that supports a high quality of life.”

(Endorsed by Town Council, July 15, 2009)

Other tax- Increased assessments at the Kentville Industrial Park (separately rated) as well as an increase in the hydrant area rate (collected on behalf of and paid to Kentville Water Commission).

Services provided- Reduced due to the termination of one Provincial secondment re: policing.

Sales- Reduced- “right-sizes” Policing sales of services offset by an increase in sales of financial services.

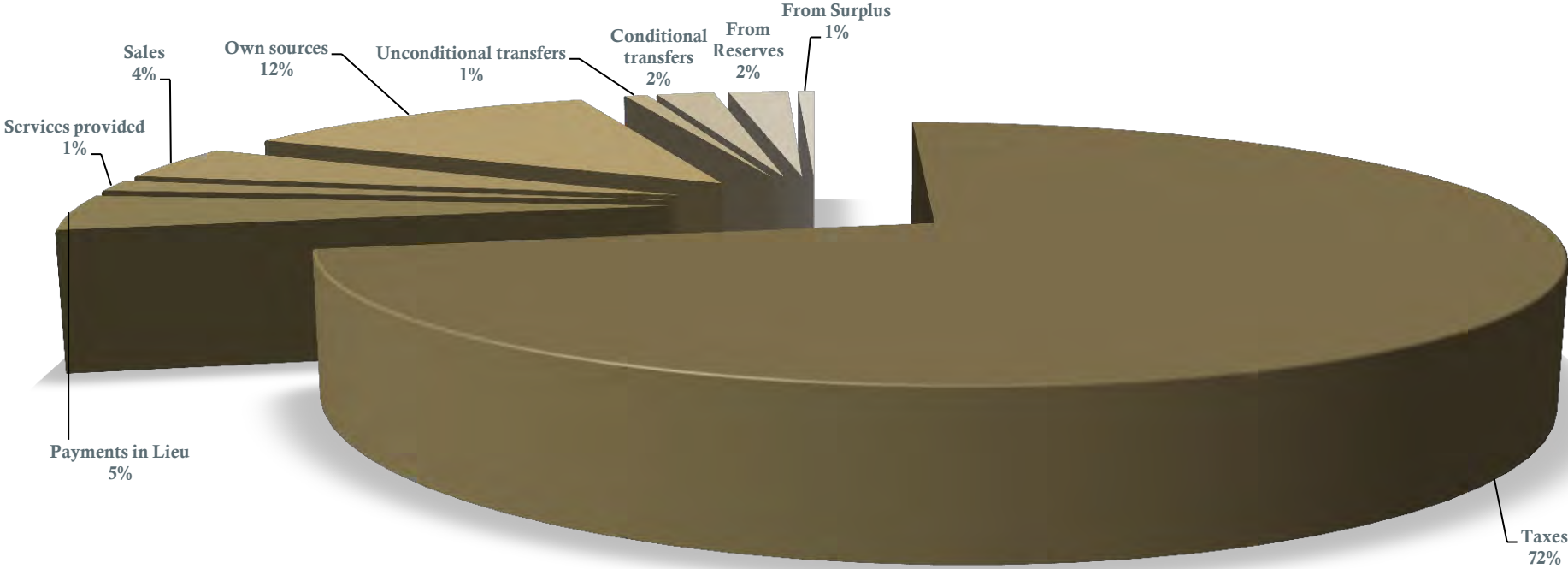
Own source- Increased-interest (bank and arrears) & return on investment from Kentville Water Commission.

Provincial transfers- Decreased- Equalization grant to the Town is reduced.

From Reserves- Increased to offset the anticipated collective agreement settlement and increased Education download.

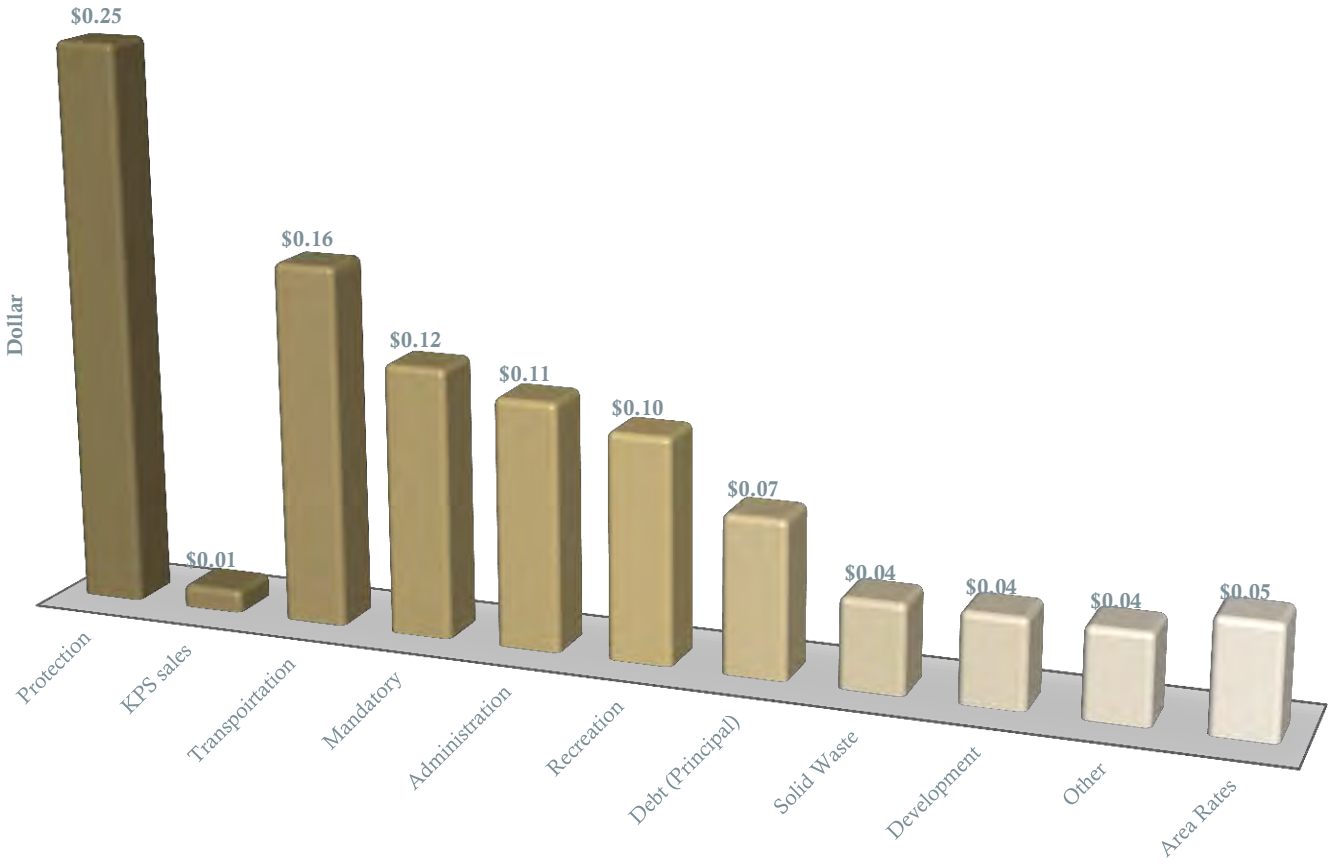
Surplus– Increased- a portion of the 2010/2011 surplus was funnelled back into the operating fund.

2011/2012 Operating Budget Summary- Revenue (chart)



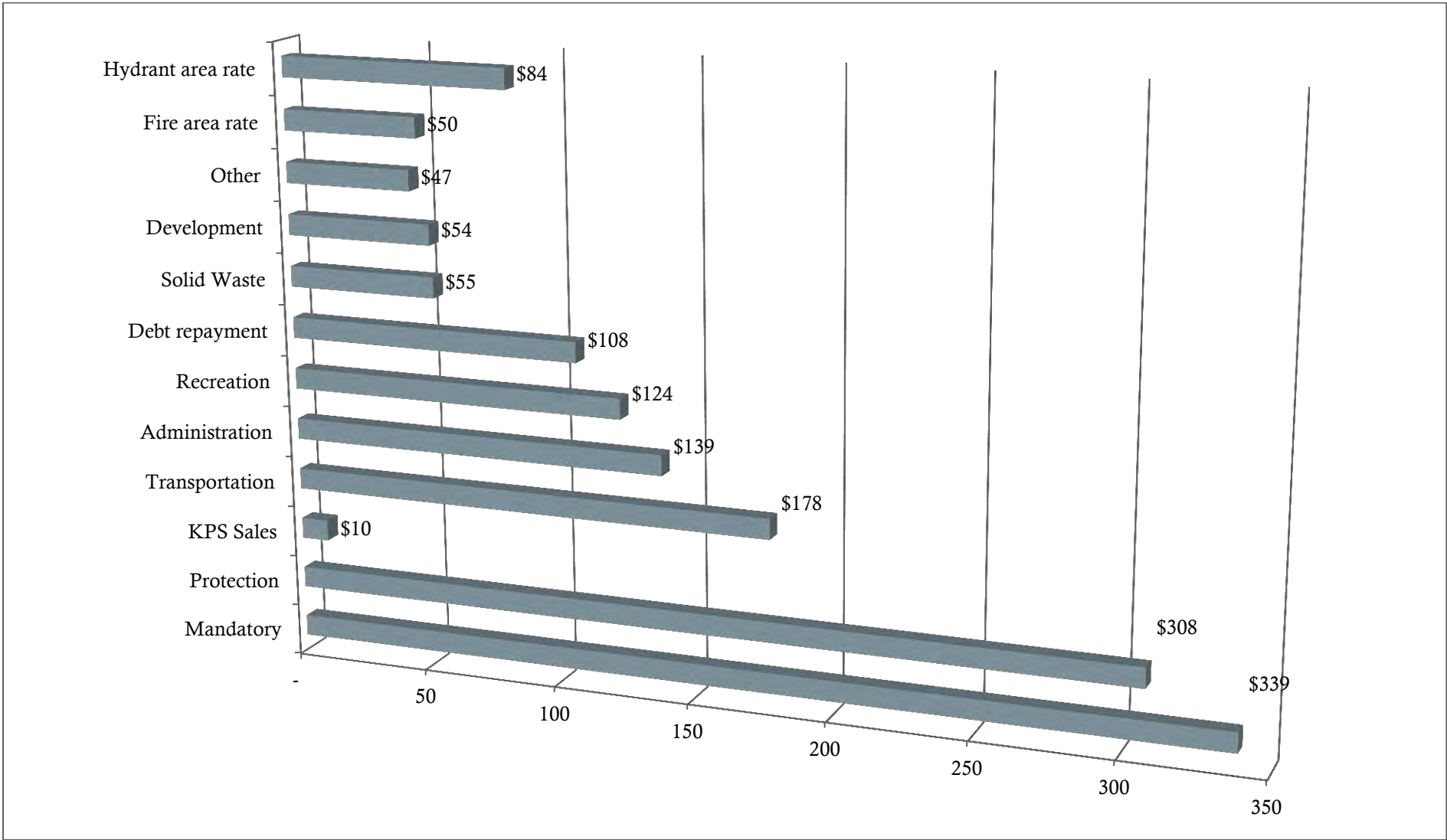
2011/2012 Operating Budget Summary

Where the Tax Dollar Is Spent



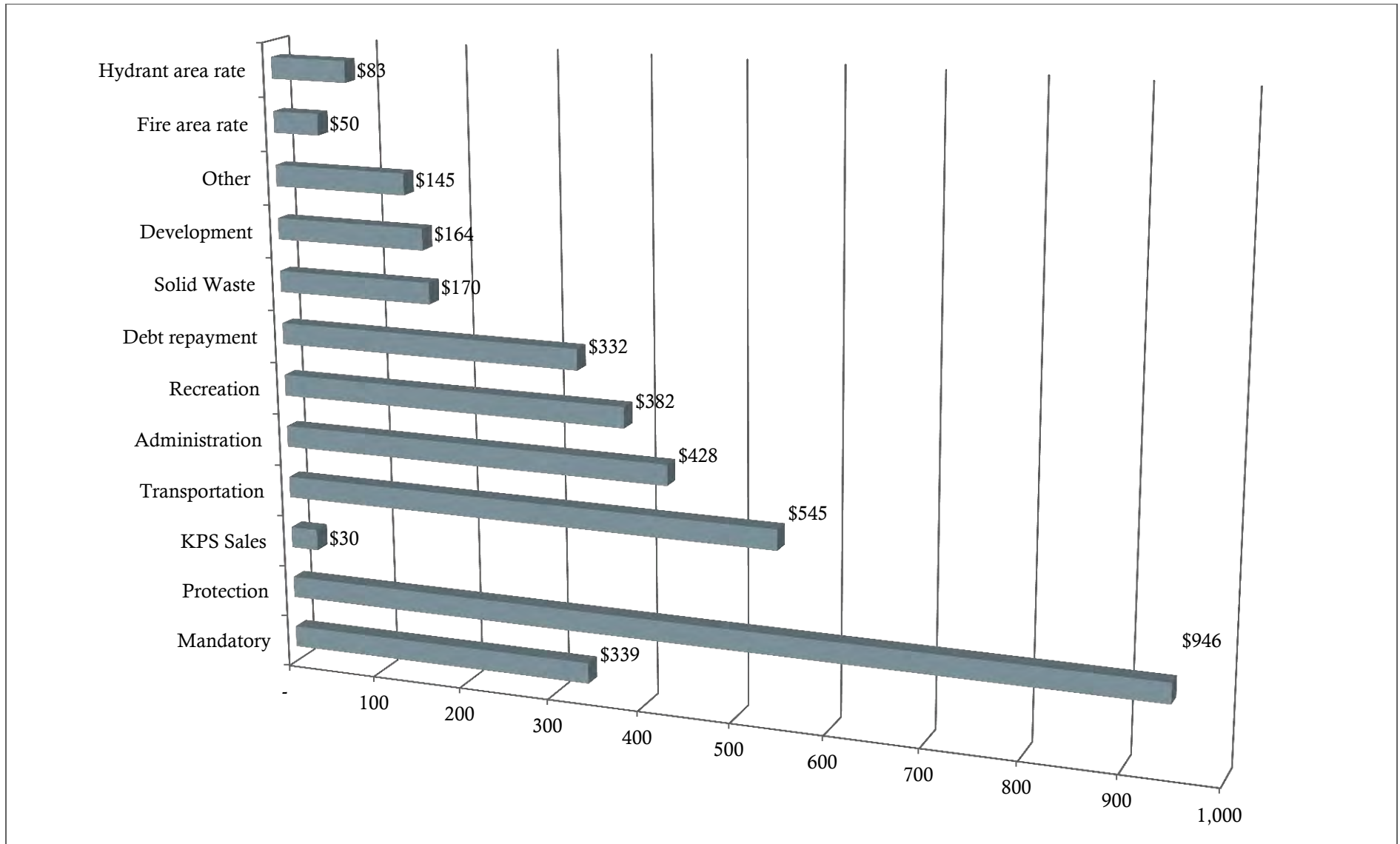
2011/2012 Residential Tax

\$100,000 Assessed Value = \$1,496.20



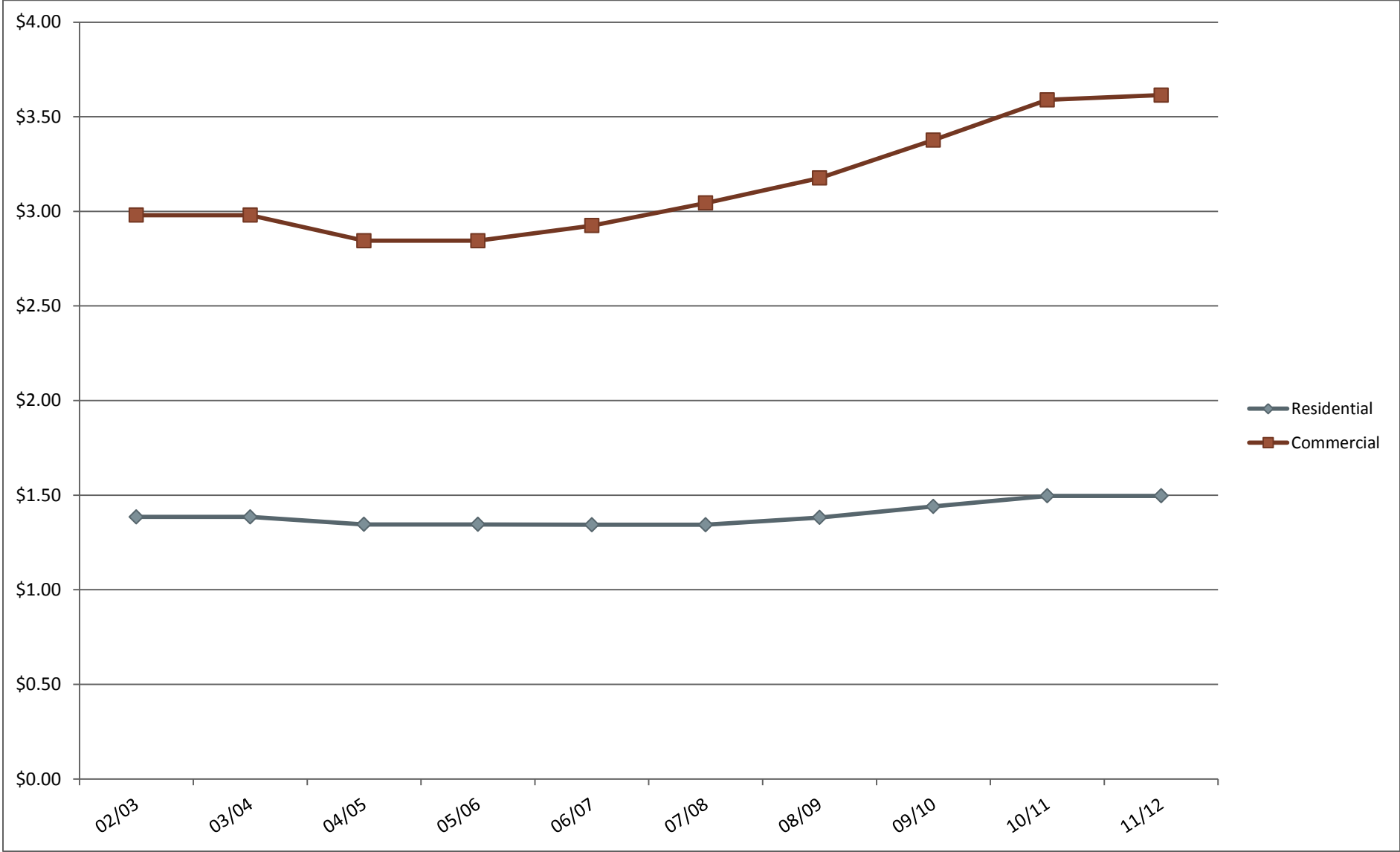
2011/2012 Commercial Tax

\$100,000 Assessed Value = \$3,614.20



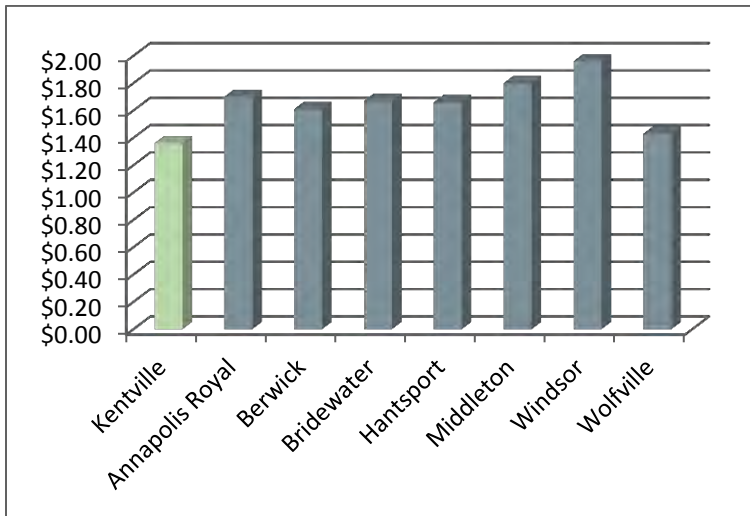
History of Kentville Tax Rates

2002/03 to 2011/12



Tax Rates Comparison 2010/2011

Residential Tax Rates 2010/11

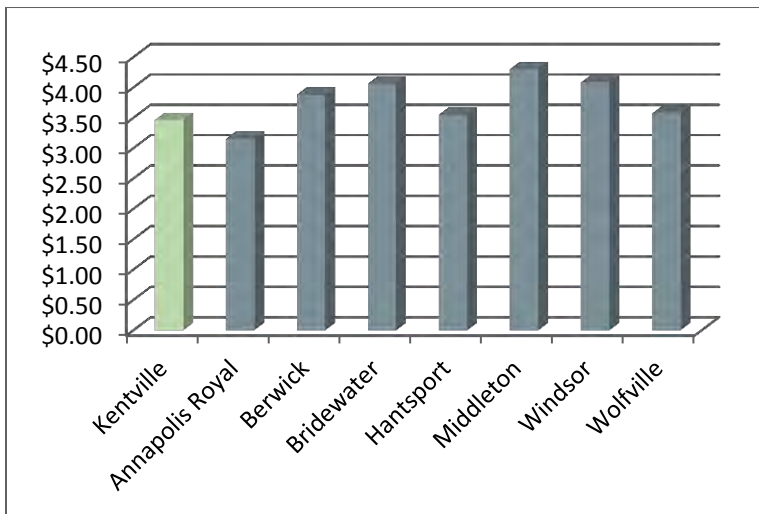


Compared to other towns in close proximity, the Town of Kentville is at the low end of the spectrum for both residential and commercial tax rates.

For 2010/11, Kentville had the 5th lowest residential rate for a town in the Province of Nova Scotia.

For 2010/11, Kentville had the 5th lowest commercial rate for a town in the Province of Nova Scotia.

Commercial Tax Rates 2010/11



The Town's mix of residential to commercial assessments is approximately a 77/23 split. The Provincial average amongst towns is 70/30.

Town of Kentville Year End Report And Statistics



As at March 31, 2011

Town of Kentville

Consolidated Statement of Financial Position



As at March 31, 2011

	<u>2011</u>	<u>2010</u>
Financial Assets		
Cash	\$ 1,495,889	\$ 869,228
Investments	12,855,224	12,942,736
Taxes receivable	426,326	258,560
Other receivables	<u>1,981,358</u>	<u>1,888,931</u>
	<u>16,758,797</u>	<u>15,959,455</u>
Liabilities		
Bank Loan	2,416,262	2,347,111
Payables	1,120,828	1,138,617
Deferred	172,624	
Other	133,116	82,755
Long-term debt	<u>7,566,310</u>	<u>7,372,610</u>
	<u>11,409,140</u>	<u>10,941,093</u>
Net Assets	<u>5,349,657</u>	<u>5,018,362</u>
Non-financial Assets		
Tangible capital assets	33,344,988	32,333,263
Equity in VWRMA		13,596
Prepaid expense	58,505	40,313
Inventories	29,103	29,858
Other	<u>22,404</u>	<u>24,542</u>
	<u>33,455,000</u>	<u>32,441,572</u>
Accumulated surplus	\$ <u>38,804,657</u>	\$ <u>37,459,934</u>

Town of Kentville

Schedule of General Operating Fund and Sanitary Sewer Area Service

As at March 31, 2011

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
Operating Revenues			
Taxes	\$ 7,089,900	\$ 7,118,082	\$ 6,456,905
Grants in lieu	498,200	512,473	440,860
Services provided	224,300	219,886	223,812
Sales of services	340,500	343,939	268,108
Other own source	451,800	476,120	446,929
Interest	80,500	124,192	89,391
Unconditional transfers	124,200	124,500	114,673
Conditional transfers	220,000	222,717	220,000
Own source transfers	500	479	74,833
Rates	864,800	850,931	821,838
Other	<u>600</u>	<u>2,200</u>	<u>6,011</u>
	<u>9,895,300</u>	<u>9,995,519</u>	<u>9,163,360</u>
Operating Expenditures			
General government	1,222,100	1,219,297	1,305,642
Protection	2,912,600	2,939,510	2,898,679
Transportation	1,464,700	2,068,682	2,014,647
Environmental health	487,500	469,062	535,284
Public health	52,400	57,595	77,027
Planning and development	406,700	402,316	456,254
Recreation and cultural	1,212,800	1,361,391	1,312,384
Education	1,051,200	1,051,236	1,010,155
Wastewater treatment	<u>765,300</u>	<u>806,129</u>	<u>882,671</u>
	<u>9,575,300</u>	<u>10,375,218</u>	<u>10,492,743</u>
Net Operating Revenues	320,000	(379,699)	(1,329,383)
Amounts to be Recovered		40,000	40,000
Amortization		1,029,542	1,015,584
Net Transfers	<u>(306,900)</u>	<u>(427,910)</u>	<u>235,811</u>
Change in Fund Balance	\$ <u>13,100</u>	261,933	(37,988)
Opening Fund Balance		<u>(23,898)</u>	<u>14,090</u>
Closing Fund Balance		\$ <u>238,035</u>	\$ <u>(23,898)</u>



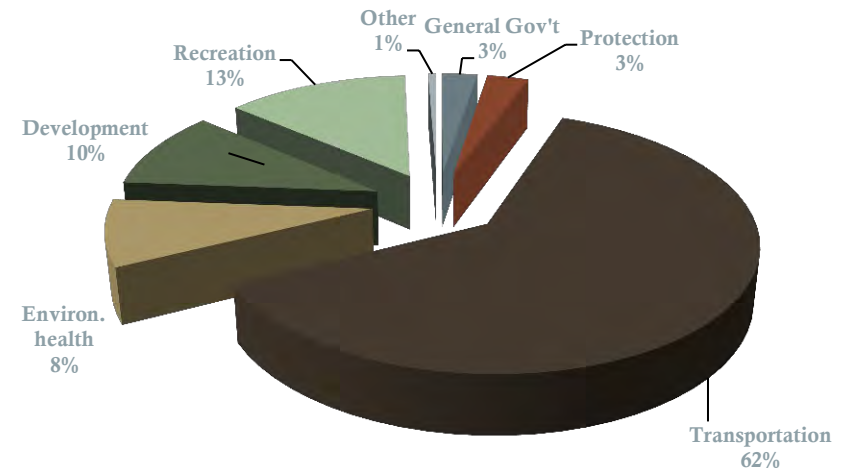
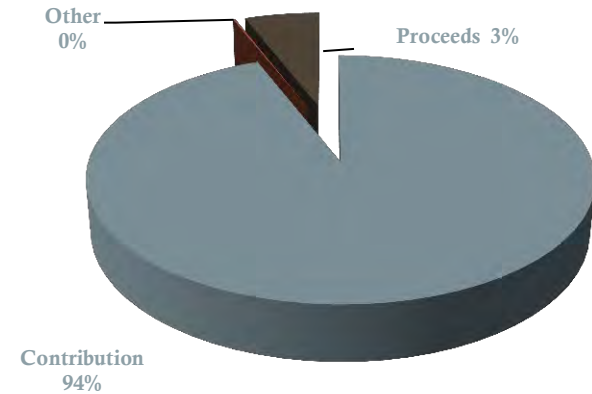
Town of Kentville

Schedule of Financial Activities- Capital

As at March 31, 2011

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
Capital Revenues			
Capital contribution	\$ 584,000	\$ 351,278	\$ 606,178
Transfer- Federal Gas Tax			485,808
Other		708	
Proceeds on sale	<u>3,000</u>	<u>21,700</u>	<u>30,000</u>
	<u>587,000</u>	<u>373,686</u>	<u>1,121,986</u>
Capital Expenditures			
General government	49,500	57,338	10,292
Protection	60,000	66,953	65,918
Transportation	1,583,100	1,381,841	1,587,021
Environmental health	216,000	190,194	213,232
Planning and development	327,000	224,063	448,072
Recreation and cultural	765,800	292,046	368,054
Other		<u>13,150</u>	
	<u>2,835,700</u>	<u>2,225,585</u>	<u>2,692,589</u>
Net capital expenditures	(2,414,400)	(1,851,899)	(1,570,603)
Issue of debt	1,641,900	2,550,456	2,711,343
Debt repayment	(737,900)	(1,980,829)	(2,450,149)
Public transit recovery		40,000	40,000
Net transfers	<u>1,510,400</u>	<u>1,283,355</u>	<u>1,287,447</u>
Changed in fund balance	\$ Nil	18,038	18,038
Opening fund balance		<u>(353,777)</u>	<u>(371,815)</u>
Closing fund balance		\$ (312,694)	\$ (353,777)

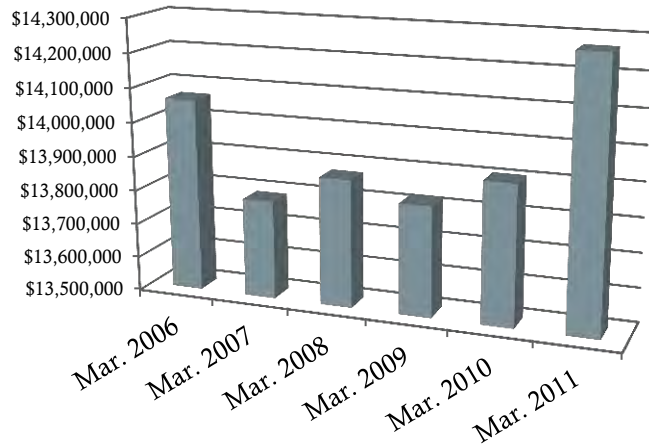
Revenue-2010/2011



Expenditures-2010/2011

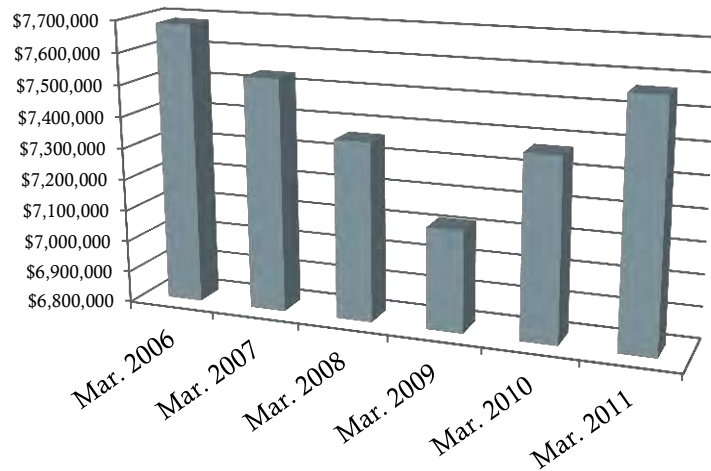
Town of Kentville- Other

Reserve Funds



Reserve funds increased slightly in 2010/11 by \$85,809. Council is committed to building its reserve funds (other than the Perpetual Reserve which has its own set of guidelines. Some reserve funds are identified for future capital funding or for future operating purposes

Long-term Debt



Long-term debt levels increased in 2010/11 by \$252,150. Adjacent is a table of outstanding long-term debt issues over the last six (6) years. Town Council accepts that significant debt levels are required to refurbish the downtown core and to complete Building Canada initiatives. These plans are important factors in the long-term viability and sustainability of the Town of Kentville.

Town of Kentville

2010/2011 HIGHLIGHTS

Parks, Recreation and Culture

- Farmer's market held every Wednesday in Centre Square
- Ducks Unlimited project unveiled in August 2010
- Movie night held in July and August in Centre Square

In 2010/2011

Residential tax increase = 3.9%
Commercial tax increase = 6.3%
Taxable assessment growth = 5.1%

For 2010/2011

Town operating surplus = \$116,606
Sewer utility operating surplus - \$11,727
Water utility operating surplus = \$72,950 (after dividend)
(non-consolidated)

Public Works and Water

- West Main Street upgrade continued and Gary Pearl Drive was built
- Glenview Avenue – new curb, gutter and paving
- Park Street reconstruction- surface renewed Pelton Drive to Roscoe Drive
- Main Street Sidewalk renewed Aberdeen to Cornwallis
- River Street dyke work continued with the installation of storm water pumps.
- New well installed on Mitchell Avenue to supplement water supply, as needed.
- Air release valve installed on Prospect Avenue to eliminate air build-up in the water mains during power outages.

Community

- Kentville celebrates its 125th birthday in 2011, with special events occurring throughout the year.
- Work continued on the new Kings County Academy which opened in September 2011.

Town of Kentville

Budget History 2007 to 2012

	<u>2011/2012</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2008/09</u>	<u>2007/08</u>	<u>2006/07</u>
Total Operating Expenses (millions)	\$ 11.3	\$ 11.0	\$ 10.7	\$ 10.0	\$ 9.2	\$ 8.7
Expenditures Growth Year/Year (% increase)	2.9%	3.5%	6.5%	8.9%	6.0%	4.1%
Capital Gross Expenses (millions)	\$ 2.54	\$ 2.8	\$ 2.6	\$ 2.3	\$ 1.7	\$ 1.0
Capital Expenses Growth Year/Year (% increase/(decrease))	-9.3%	7.90%	10.4%	40.2%	60.3%	-16.6%
Net Tax Levy (millions)	\$ 7.3	\$ 6.9	\$ 6.1	\$ 5.8	\$ 5.2	\$ 4.9
Uniform Assessment	\$419,730,776	\$404,146,861	\$387,878,420	\$371,733,473	\$351,207,833	\$327,456,078
Uniform Assessment Growth Year/Year (% increase)	3.9%	4.2%	4.3%	5.8%	7.3%	2.5%
Residential Tax Rate (per \$ 100)	\$ 1.3628	\$ 1.3629	\$ 1.2902	\$ 1.2279	\$ 1.1880	\$ 1.1847
Commercial Tax Rate (per \$100)	\$ 3.4808	\$ 3.4561	\$ 3.2266	\$ 3.0225	\$ 2.8890	\$ 2.7662
Area Rates (combined) (per \$100)	\$ 0.1334	\$ 0.1333	\$ 0.1500	\$ 0.1538	\$ 0.1552	\$ 0.1585
Total Residential Tax Rate (per \$100)	\$ 1.4962	\$ 1.4962	\$ 1.4402	\$ 1.3817	\$ 1.3432	\$ 1.3432
Change in Residential Tax Rate (% increase/decrease)	0.0%	3.9%	4.2%	2.9%	0.0%	-0.1%
Total Commercial Tax Rate (per \$ 100)	\$ 3.6142	\$ 3.5894	\$ 3.3766	\$ 3.1763	\$ 3.0442	\$ 2.9247
Change in Commercial Tax Rate (% increase/decrease)	0.7%	6.3%	6.3%	4.3%	4.1%	2.8%

Town of Kentville Performance Indicators 2007 to 2011

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Property tax (percentage of total operating revenue) <i>Indicates self-sufficiency</i>	73%	70%	69%	71%	71%
Transfers from other governments <i>Indicates reliance on revenue from other gov'ts</i>	4%	4%	4%	2%	1%
Residential tax burden (per dwelling unit) <i>Average cost per DU for municipal services</i>	\$1,498	\$1,360	\$1,245	\$1,125	1,042
Uniform assessment (per dwelling unit) <i>Indicates ability to fund municipal services</i>	\$143,061	\$138,330	\$136,066	\$129,885	\$123,104
Mandatory expenditures <i>Indicates expenditures Council has no control over</i>	19%	20%	18%	20%	20%
Expenditures per dwelling unit <i>Indicates amount spent on municipal services per D. U.</i>	\$4,165	\$4,103	\$4,036	\$3,697	\$3,746
Liquidity ratio <i>Short-term ability to meet current obligations</i>	1.57	1.27	1.47	1.30	1.32
Deficits last five years	0	\$93,641	0	0	\$26,003
Uncollected taxes and rates <i>Ability of taxpayers to pay on time and strength of collection policies</i>	6.3%	4.9%	3.5%	2.6%	2.1%
Reserves as a % of expenditures <i>Willingness to put money away for a "rainy day"</i>	120%	120%	124%	137%	135%
Debt service ratio <i>Current expense for debt servicing</i>	8.7%	8.9%	8.6%	8.8%	9.4%
Debt outstanding <i>Level of O/S long-term debt as % of Town's ability to pay</i>	1.3%	1.3%	1.2%	1.3%	1.4%



**A Pumpkin Person
Kentville Harvest Fest**

Town of Kentville At a Glance

2001 and 2006 Census

	<u>2001</u>	<u>2006</u>
Population	5,610	5,815
% change		3.70%
Private dwellings	2,531	2,662
% change		5.20%
Population density per km²	323.3	335.1
% change		3.70%
Land area (km²)	17.35	17.35
Population breakdown		
Male	2,670	2,675
Female	2,940	3,140
Median age		
Male	37.7	41
Female	41.4	42.7
Median earnings 2000 and 2005		
Male	\$42,074	\$42,097
Female	\$30,281	\$29,613

