

GUIDELINES FOR THE FINANCIAL PLAN TEMPLATE FOR AMALGAMATED MUNICIPALITIES

Updated to reflect 2016 Financial Plan template changes – updates highlighted in yellow

Application

These guidelines will assist amalgamated municipalities in preparing the financial plan template with differential mill rates and/or Local Urban District (LUD) levies.

Amalgamated municipalities that chose differential mill rates and/or LUD levies to manage municipal taxation have the authority to use them for the length of time established in their amalgamation regulation. For those municipalities that chose differential mill rates, the regulation establishes the former municipalities as Special Areas and authorizes Council to levy different mill rates on these Special Areas to reflect the difference in services provided. For those that chose LUDs, the regulation establishes the LUD boundaries.

Purpose

The purpose of applying differential mill rates or LUD levies is to minimize tax shifting. These guidelines will provide general direction in combining the former municipalities' financial plans and allocating revenues and expenditures to Special Areas, LUDs and At large.

Overview of the new Financial Plan Template

The changes to this template from the standard financial plan template include:

Additions:

- The general operating fund budgeted revenues and expenditures pages now includes additional columns to accommodate up to four Special Area columns and an At large column. The Special Area columns may also be used for LUDs. Note: additional columns may be added, if required.
- Sub-pages 2-A, 3-A, 4-A, 5-A, 6-A and 7-A have been added to report the previous years' budgeted and actual revenues and expenditures by Special Area, LUD and At Large. All revenues and expenditures for each line item are to be reported to compare budget estimates to actual results. These figures will automatically carry forward to the previous years' budget and actual columns on Pages 2, 3, 4, 5, 6 and 7
- Sub-page 1-A reflects the previous years' budget and actual revenues and expenditures by Special Area, LUD and At Large. Figures from the other sub-pages will automatically forward to sub-page 1-A, except "Tax Levy" and GIL Taxes"
- The general operating fund budgeted expenditures pages are now from page 3 to page 7, inclusive (in the standard financial plan template it is page 3 to page 5).
- Page 9 Part 1 – now provides for the reporting of fund transfers between reserve funds

Deletions:

- Page 7 – LUD Budgeted Revenue and Expenditure
- Page 9 Part 1 – Grant-in-lieu (GIL) of Taxes
- Page 10 – Rural Area and General Municipal Requirements

Note: revenues and expenditures of each LUD are now to be reported in pages 2 to 7.

Education Requisitions :

Education Support Levy (ESL) and School Division requisitions are entered on page 8 (basic expenditures column), the same as the standard financial plan template. However these requisitions will not (and should not) carry forward to Page 1 in this template for amalgamating municipalities.

What will carry forward to Page 1 is the portion of grazing leases and / or converted fees that are applicable to special school division levies.

Page Number change:

The Utility Operating Fund Budgeted Revenue and Expenditure page has been re-numbered from “Page 6” to “U”.

Formulas:

The highlighted cells in the template have formulas that will automatically calculate the appropriate data. These formulas are locked to ensure that they are not accidentally deleted.

Definitions:

Special Area – means the former municipality

At large – means the portioned assessment (taxable and grant-in-lieu) of the new amalgamated municipality

LUD – refers to either existing or newly created local urban districts

Rural Area – means At large less LUD (only applies to municipalities with LUDs)

Completing the Financial Plan Template

Following this step by step guide will help you to incorporate differential mill rates into your financial plan.

STEP 1

General Operating Fund Budgeted Revenue and Transfers – Page 2

The previous year’s budgeted and actual amounts will be the total budgeted and actual for the amalgamated municipality as shown on sub-page 2-A.

All budgeted revenues of the municipality for the current budget year are to be recorded in a “Special Area” column, a “LUD” column or the “At large” column. Once entered, these amounts will be automatically totalled in the “Total Budget” column.

Examples

1. In 2014, for “Tax Added” partner 1 budgeted for \$60,000, partner 2 budgeted for \$30,000 and partner 3 budgeted for \$100,000.

In 2015 council may decide to allocate the whole \$190,000 to the At large or they may allocate the revenue to the former municipalities.

2. In 2014, for “Return on Investment” partner 1 budgeted for \$4,000, partner 2 budgeted \$0 and partner 3 budgeted for \$7,000.

In 2015 council may decide to allocate \$11,000 to the At large or they may allocate the revenue to the former municipalities.

When allocating revenue consider whether expenses will be similarly allocated to ensure allocations do not cause a major tax shift. This is key when considering Provincial grants and Federal gas tax transfers.

Note: Accumulated Surplus (LUD unexpended prior years levies) line

- If the municipality had a LUD(s) prior to amalgamation, any transfer from the LUD’s unexpended prior years’ levies should be reported on this line under the appropriate LUD column.

STEP 2

General Operating Fund Budgeted Expenditures - Page 3 to 7

The previous year’s budgeted and actual amounts will be the total budgeted and actual for the amalgamated municipality as shown on sub-pages 3-A, 4-A, 5-A, 6-A and 7-A.

The expenditures of the municipality for the current year are to be reported in a “Special Area” column, a “LUD” column or the “At large” column. Consideration must be given to whether the cost will be incurred by a special area or if the cost is to the whole municipality.

Exception 1: All costs to be recovered by a special service levy must be reported in the “At Large” column.

The reason for this is that all special service levies are taxed on the properties specified in the special service by-law.

- To ensure all special service levies are taxed on the appropriate properties, all special service by-laws must be reported on separate lines on page 8.
- To ensure special service levies are not taxed twice, the special service levies of all partners must be reported in the At large column on pages 3 - 7.
- The General Municipal At large levy on page 8 is calculated by deducting these special service levies and the formula automatically makes this calculation.

Examples

<i>General Government Services</i>	<i>Area 1</i>	<i>Area 2</i>	<i>Area 3</i>	<i>At large</i>	<i>Total</i>
<i>Legislative</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>120,0000</i>	<i>120,000</i>
<i>CAO and Staff</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>140,000</i>	<i>140,000</i>
<i>Assessment</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>65,000</i>	<i>65,000</i>
<i>Conventions</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>15,000</i>	<i>15,000</i>

<i>Protective Services</i>	<i>Area 1</i>	<i>Area 2</i>	<i>Area 3</i>	<i>At large</i>	<i>Total</i>
<i>Police</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>120,0000</i>	<i>120,000</i>
<i>Fire</i>	<i>25,000</i>	<i>30,000</i>	<i>40,000</i>	<i>0</i>	<i>95,000</i>

<i>Recreation and Cultural Services</i>	<i>LUD of P</i>	<i>Area 1</i>	<i>Area 2</i>	<i>At large</i>	<i>Total</i>
<i>Skating Rinks and Arenas</i>	<i>10,000</i>	<i>26,510</i>	<i>0</i>	<i>43,500*</i>	<i>80,010</i>
<i>Other Cultural facilities</i>	<i>2,000</i>	<i>5,500</i>	<i>10,000</i>	<i>0</i>	<i>17,500</i>

**Area 1 has a special service by-law for recreation support – the Arena*

In the Fiscal Services section on Page 7, a couple of reminders:

- Transfer to Capital (from Page 13) line – is the amount of capital costs to be charged to the general operating fund. These costs may be reported in a “Special Area” column, “LUD” column or the “At Large” column.

Note: the formula on page 13 (Part 1) will automatically bring forward the total capital costs to the “At large” column on page 7. This may then be modified depending on your circumstances.

- Transfer to Utility (To Utility Page) line
- Debenture Debt Charges (from Page 11) line

Exception 2: Any amount on these two lines that are attributable to a debenture debt payment must be allocated to the “At large” column.

The reason for this is that all debenture debt remains with and is taxed on the properties specified in the borrowing by-law or local improvement by-law.

- To ensure all debenture debt (general and utility) payments are taxed on the appropriate properties, all debt charges must be reported on separate lines on page 8.
 - To ensure debenture debt is not taxed twice, the debt of all partners must be reported in the At large column on page 7.
 - The General Municipal At large levy on page 8 is calculated by deducting these debenture debt payments and the formula automatically makes this calculation.
- Reserve Funds – Allocations to existing Reserve funds or newly established Reserve funds will be reported in the “Special Area” column, “LUD” column or “At Large” column.

Example

<i>Fiscal Services</i>	<i>Area 1</i>	<i>Area 2</i>	<i>Area 3</i>	<i>At large</i>	<i>Total</i>
<i>Debenture Debt Charges</i>				65,120*	65,120
<i>Transfers</i>					
<i>General Reserve</i>	0	0	0	20,0000	20,000
<i>Equipment Reserve</i>	0	0	0	75,000	75,000
<i>Gravel Reserve</i>	15,000	0	5,000	0	20,000
<i>Gas Tax Reserve</i>	15,000	18,500	23,000	0	56,500

*Area 1 and 2 have a combined general operating fund debenture debt payment of \$65,120

Note: Reserve funds of the former municipalities may be combined or remain separate. If kept separate, specific-purpose reserve funds will remain for the purpose for which they were created. For example, if Area 1 had established a Gravel Reserve Fund, the funds will continue for the gravel purposes within the municipality that raised the funds.

STEP 3

Calculation of Tax Levies - Page 8

Completing pages 2 to 7 determined the expenditure and revenue amounts for each “Special Area” “LUD” and the “At large” and the figures were automatically forwarded onto Page 1. Page 8 includes formulas that carried forward the amounts from page 1.

Municipal Taxes Section of Page 8:

Special Areas:

The other revenues and transfers and expenditures for each Special Area and/or LUD were automatically forwarded to the new Special Area section on page 8. Continue to complete this section by entering the assessments (refer to the Property Tax Mill Rate worksheet on MMO) for each Special Area and/or LUD. The formulas in the worksheet will automatically calculate the mill rates and the revenues raised by each.

Special Services Levies:

Some partners may have special service by-laws in place already. New 2015 special service by-laws may also have already been established. These special service by-laws set-out the properties that will be taxed for the service provided and the amount of the annual levy.

For example, Area 1 has a Special Service by-law for garbage collection and Area 2 has two Special Service by-laws for fire protection and street lighting services. Enter the required information (by-law number, purpose, assessment (if applicable) and the levy amount) for each Special Service by-law.

Debenture Debt Levies:

Some partners may have borrowing by-laws in place. There may also be new borrowing by-laws set-up with re-payment to start in 2015. Enter the required information (by-law number, assessment (if applicable) and the levy amount) for each borrowing by-law.

Note: borrowing by-laws that are to be levied on the same properties may be combined on one line.

Deficit Recovery:

Enter any prior years' deficit recovery amounts with the appropriate assessment of the former municipality which incurred the deficit.

General Municipal:

The General Municipal At large levy has already been calculated as follows:

Page 1 - At large basic expenditure amount
LESS
all special service levies, debenture debt levies, deficit recovery levies and other revenues and transfers
EQUALS
General Municipal At large levy

The municipality must raise this amount on the new municipality's At large assessment.

The general municipal mill rate must be calculated manually. There is no formula in this cell. This gives council the option to adjust the mill rate to raise an allocation for the Allowance for Tax Assets.

Business Tax:

If applicable, enter business assessment and levy amount.

Sundry Revenue and Transfers - Page 9

Part 1 reports all anticipated transfers from municipal reserve funds for the current year. These transfers may include transfers between reserve funds and / or transfers from reserve funds for non-capital expenditures.

The process to complete the other pages to the financial plan remains the same. There are no changes to the other pages of the financial plan template.

Be sure to review the financial plan after it is prepared to ensure it is in balance and that each Special Area tax levy reflects minimal tax shifting.

If you have any questions, please contact one of Manitoba Municipal Government's Municipal Services Officers:

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Financial Plans are to be filed on Manitoba Municipalities Online (MMO). Once adopted by council, please submit one certified and signed copy (pages 1, 13 and 14 require signature of Head of Council and Chief Administrator Officer) through 'Municipal Report' option in MMO.

If you have questions regarding MMO, please contact:

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