

An Overview of Trends in Tiny Township Budgets, Assessment, and Taxes

1. Property Values

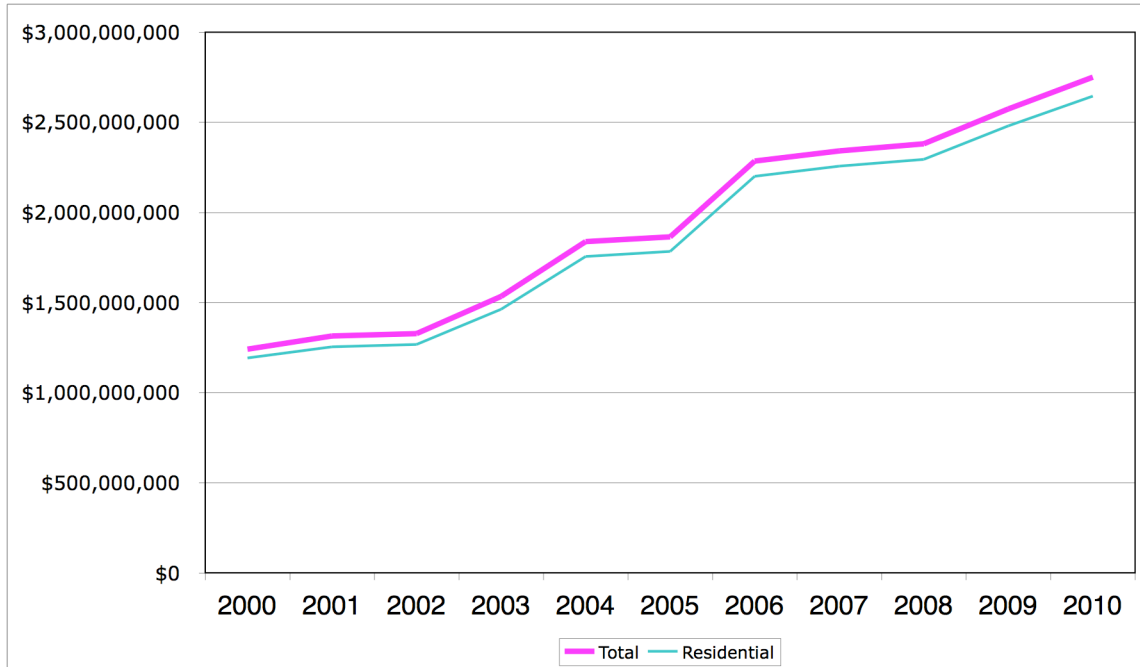
Since current market value-based assessment was introduced by the province in 1998, Tiny's taxable assessment base has risen by 92%, from \$1.237 billion to \$2.751 billion in 2010. Almost all of this increase was accounted for by a sharp increase in residential assessment, from \$1.187 billion to \$2.645 billion. All other types of property (farm, commercial, managed forests, pipelines, multi-residential, and industrial) which accounted for just \$49 million of taxable assessment in 1998, had only increased to \$106 million by 2010. Residential property currently accounts for 94% of the Township's assessment base. (For details on how properties are assessed, see www.mpac.ca.)

Property taxes for the years 2006 through 2008 were based on land values assessed as of January 1, 2005.

Property taxes for the years 2009 through 2012 are based on land values as of January 1, 2008. However, if the assessed value of a parcel of land increased between January 2005 and January 2008 due to the general reassessment on the latter date, its value for taxation purposes has been reduced by 75% of the increase in 2009, by 50% of the increase in 2010, and will be reduced by 25% of the increase in 2011. The effect is to phase in the increase in assessed value between 2005 and 2008 in equal yearly increments from 2009 to 2012.

Under the Assessment Act, property taxes for each subsequent four-year period are to be based on land values as of January 1 of the year preceding the first of those years.

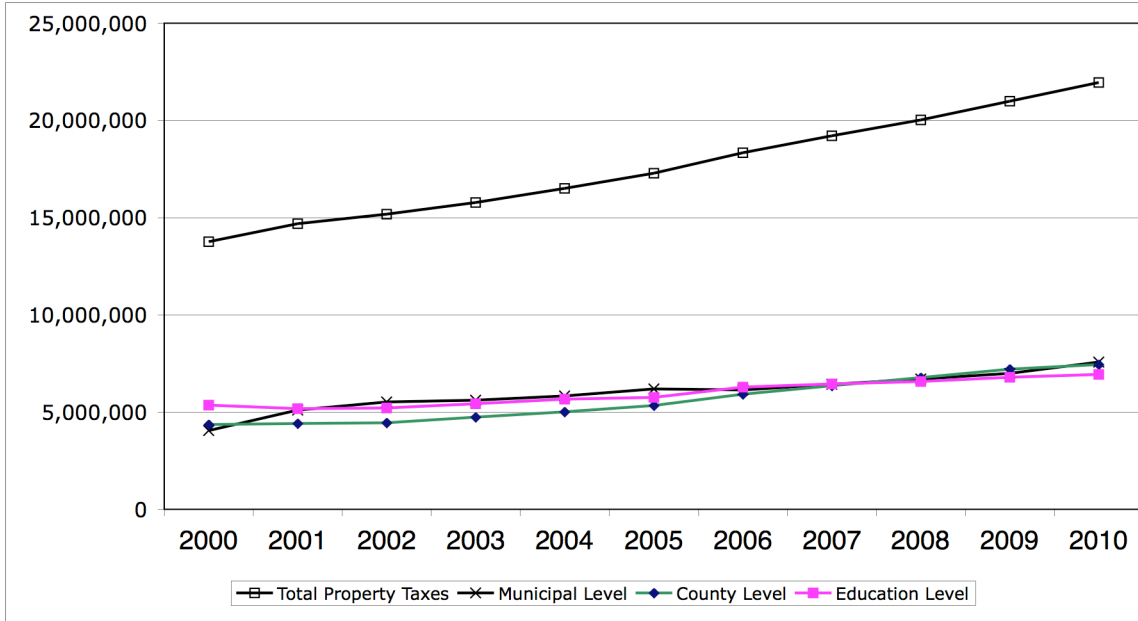
Anecdotally, shoreline residential properties have increased in value much more sharply than inland residential properties during this period. However, data available from the Township does not allow us to distinguish between them. As a result, it is not possible to say how far the residential tax burden has shifted toward shoreline properties.



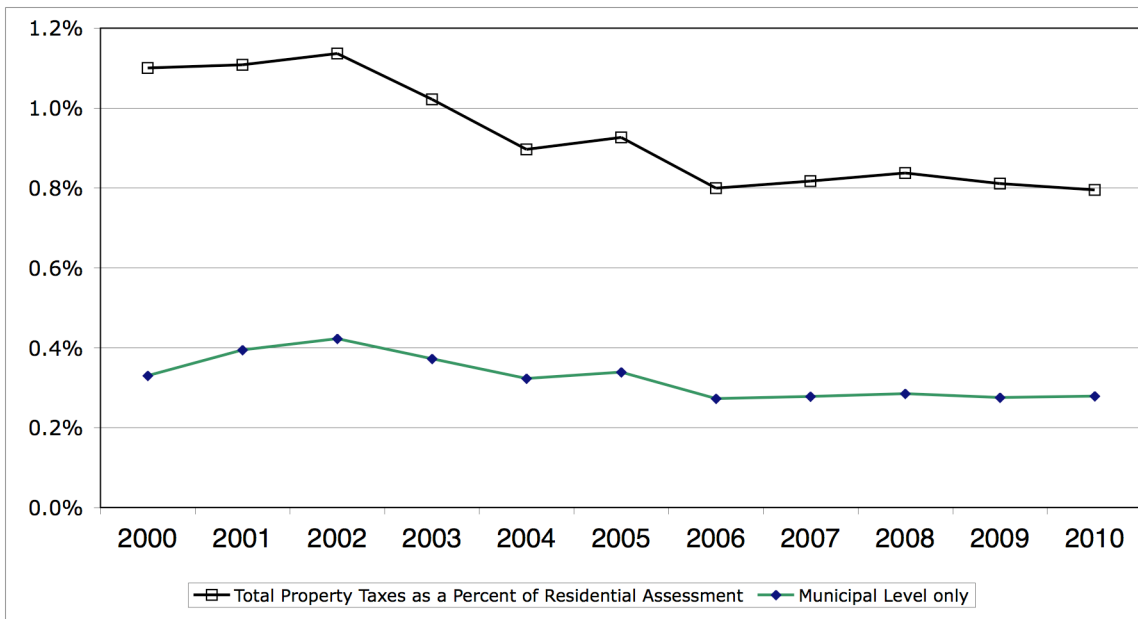
PROPERTY ASSESSMENTS FOR TAX PURPOSES IN TINY TOWNSHIP

2. The Tax Bill

Municipal taxes were \$7.57 million in 2010; The County tax levy was \$7.45 million, and the Education levy, which is set by the province, amounted to \$6.94 million. The three together, at \$21.96 million, constitute an average tax rate of 0.08% on Tiny's total assessment of \$2,751 million.



The overall tax levy, municipal, County and education, has increased by 35.5% or 3.4% a year since market-value assessment was introduced in 1998. However, because of the dramatic rise in Tiny’s residential assessment base, the tax bill on residential property, which accounted for 1.18% of assessed property value in 1998, had dropped to just 0.79% by 2010. The municipal component, which amounted to 0.30% of assessed value in 1998, was little different, at 0.28%, in 2010. (See the chart below).



3. Tiny's Sources Of Funds

Typically, only about 60% of what the Township spends comes from the tax levy. About 10% comes from fees and penalties, and the rest comes from grants, donations, development charges, and a variety of other sources. (This statement does not include the water systems, which are funded by charges on their users. Nor does it include waste management, which is a County responsibility. The charges for water and waste management are collected by the Township along with the tax levy.)

4. How Tiny Uses Its Funding

(Again, this discussion does not include water services or waste management.) Operating expenditures account for about 72% of revenues. Salaries and benefits (33% of revenue) and the budget for OPP policing (14% of revenue), are the largest items here. Capital expenditures typically use about 29% of revenue.

5. The Water Systems (see "Extra Charges" in file ASS1.pdf)

Tiny, which operates eighteen separate water systems, was hit very hard by the sharp tightening of provincial regulatory requirements following the Walkerton disaster of 2000. The costs of compliance are entirely user-borne through water charges, consisting of a "Capital Service Fee" of \$200 on properties that have access to a municipal water system (it was increased to this level in 2001 from the previous level of \$35) and an "Operating Service Fee" of \$593.20 on properties that are actually connected to such a system (this fee was \$195 in 2000, increased to \$600 in 2005 and was reduced slightly in 2009).

The years following Walkerton saw a dramatic surge in capital expenditures, as the Township's systems were expanded and upgraded. The additional monitoring and operating costs will, of course, be ongoing, as determined by provincial guidelines.

6. Waste Management

A fee is collected from each residential property owner along with the first installment of the tax levy. Since 2004 the waste management services have been the County's responsibility, and the Township forwards the fee to the County. Any difference between the County levy and the amount collected is debited or credited to the Waste Management reserve.