

**Johnson Township
Town Hall Meeting Spring 2020**

Mayor
Blaine Mersereau

Johnson Township
Town Hall Meeting Spring 2020

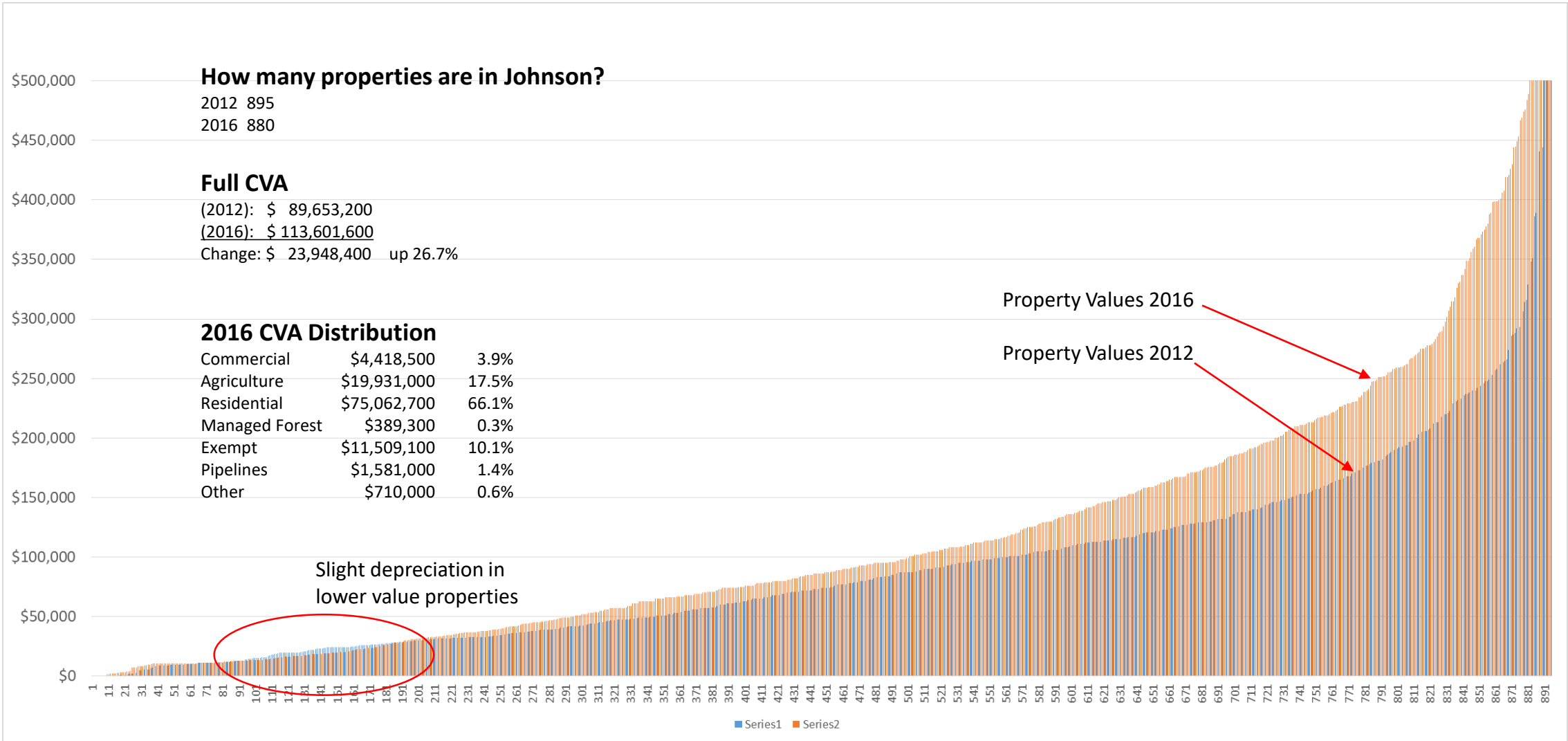
Outline

1. Mayor's Presentation:
 - Tax Burden In Johnson Township
 - Taxation, Reserves and Need for Budgeting Discipline
 - Johnson and the Importance of having Accurate Data
 - Johnson and Assessment Based Management
 - Update on KPMG Recommendations
 - Priorities for 2020
2. Presentation by Chris Wray, Clerk for Johnson Township
3. Break for questions

Tax Burden in Johnson Township

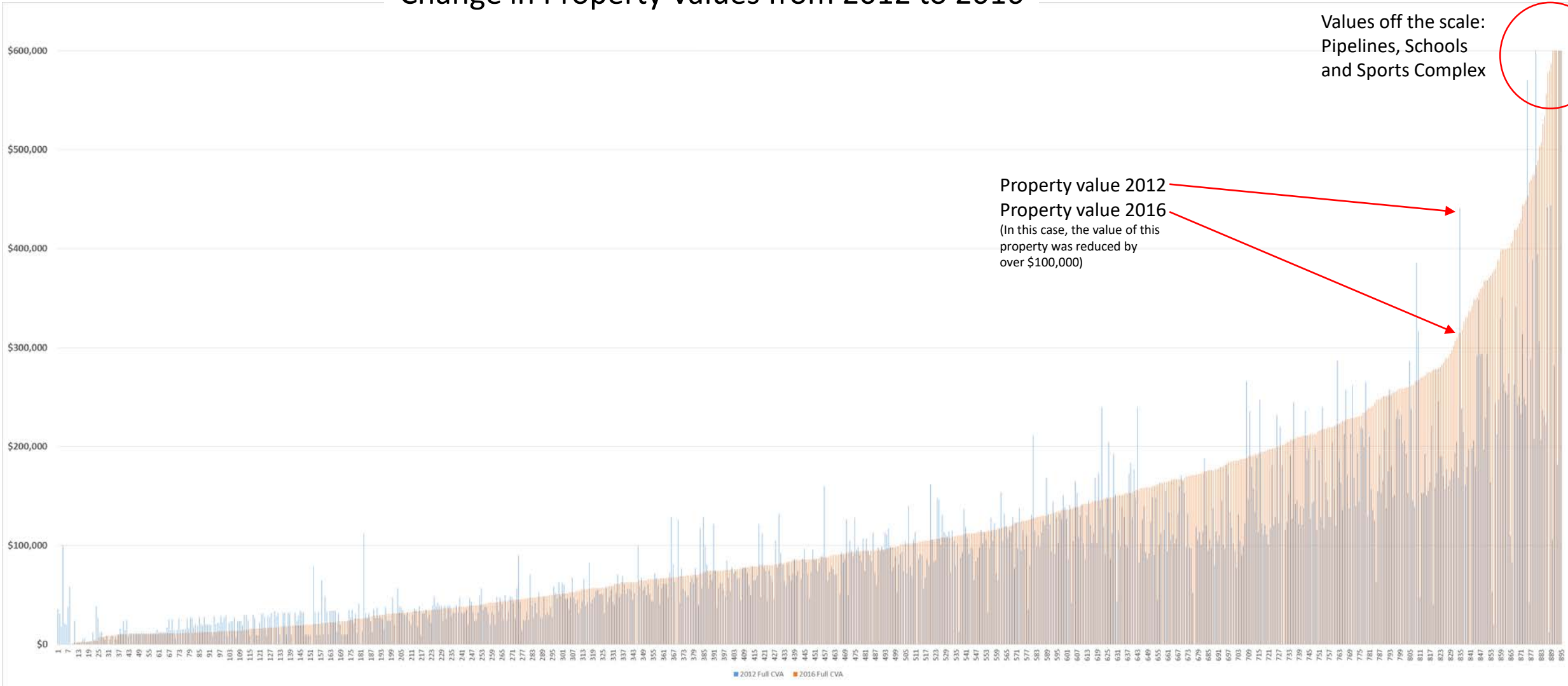
Johnson Township

Property Values (Full CVA) 2012 & 2016



Johnson Township

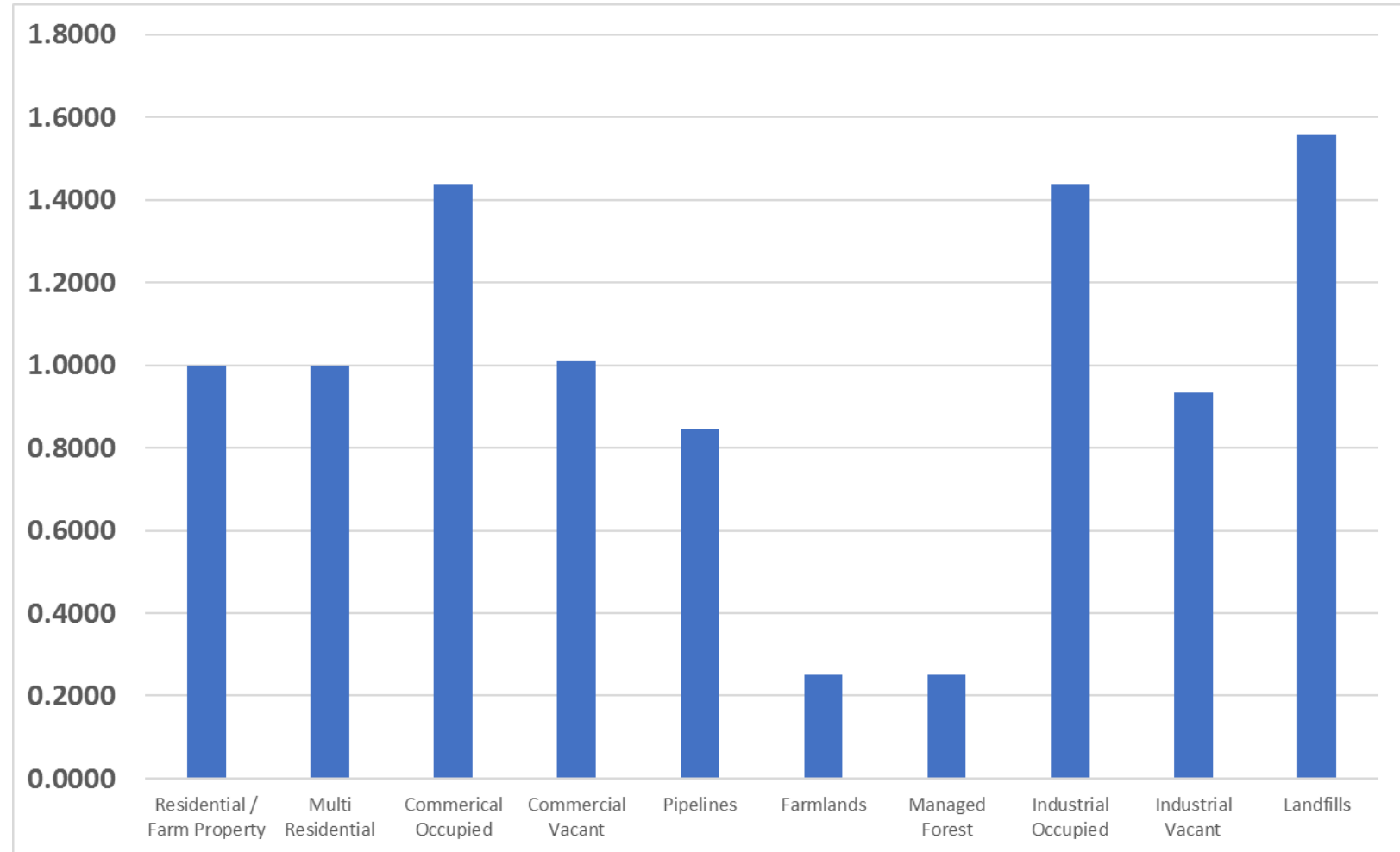
Change in Property Values from 2012 to 2016



Johnson Township

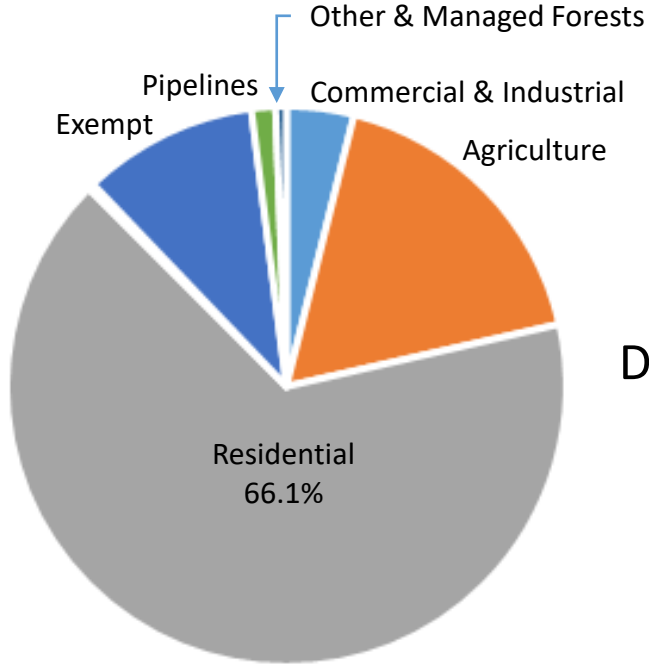
Taxation Categories

<u>Categories</u>	<u>Tax Ratio</u>
Residential / Farm Property	1.0000
Multi Residential	1.0000
Commercial Occupied	1.4377
Commercial Vacant	1.0100
Pipelines	0.8446
Farmlands	0.2500
Managed Forests	0.2500
Industrial Occupied	1.4377
Industrial Vacant	0.9345
Landfills	1.5589

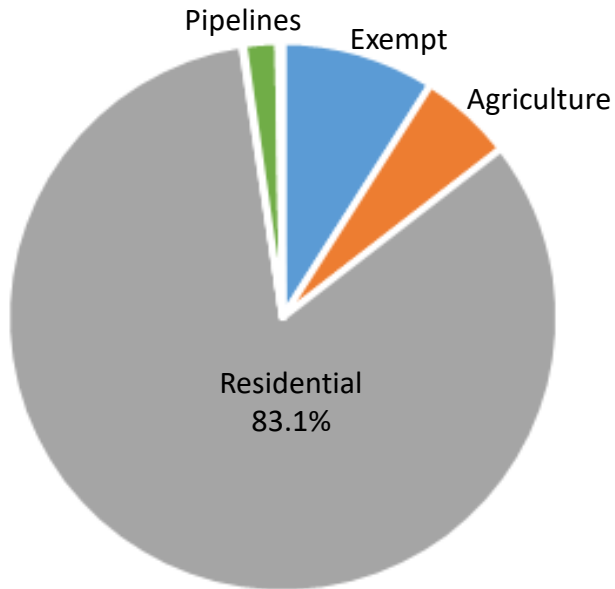


Johnson Township

Distribution of CVA and the Tax Burden



Distribution of CVA



Allocation of Tax Burden

2016 CVA & Tax Burden

	<u>CVA</u>	<u>%</u>	<u>Tax</u>	<u>%</u>
Commercial & Industrial	\$4,418,500	3.9%	\$161,096	9.0%
Agriculture	\$19,931,000	17.5%	\$98,740	5.5%
Residential	\$75,062,700	66.1%	\$1,487,469	83.1%
Managed Forest	\$389,300	0.3%	\$1,929	0.1%
Exempt	\$11,509,100	10.1%	\$0	0.0%
Pipelines	\$1,581,000	1.4%	\$35,837	2.0%
Other	\$710,000	0.6%	\$4,742	0.3%

Johnson Township

Distribution of the Tax Burden within the Residential Category

Residential Properties

Waterfront Properties (335 properties)

CVA: \$50,290,000

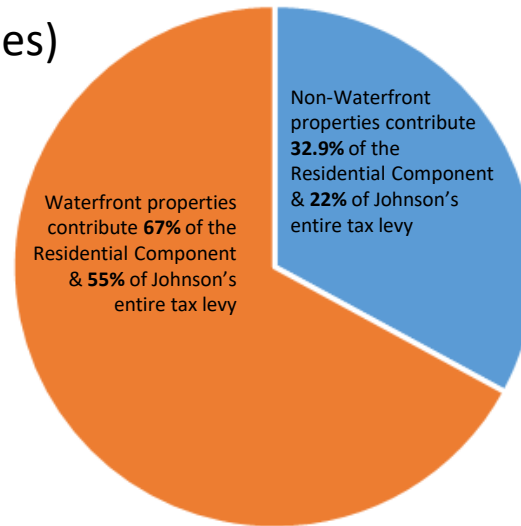
% of Residential: 67.1%

% of Johnson Twp: 44.3%

Tax Contribution: \$996,565

% of Residential: 67.0%

% of Johnson Twp: 55.7%



Non - Waterfront Properties (336 properties)

CVA: \$24,693,300

% of Residential: 32.9%

% of Johnson Twp: 21.7%

Tax Contribution: \$489,331

% of Residential: 32.9%

% of Johnson Twp: 27.3%

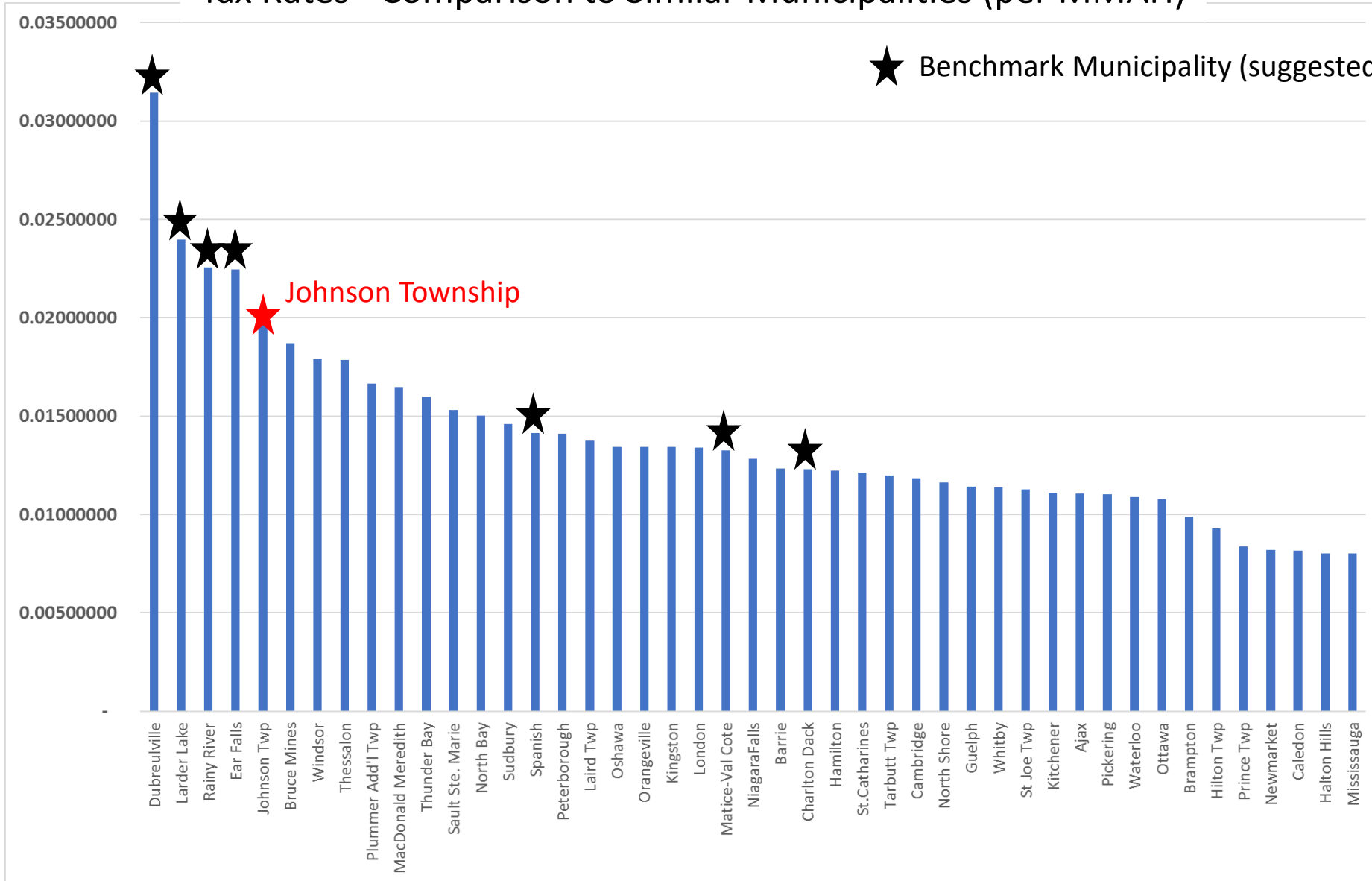
From 2012 to 2016

non-waterfront residential property values rose by an average of 13%

waterfront residential property values rose by an average of 25%

Johnson Township

Tax Rates - Comparison to Similar Municipalities (per MMAH)

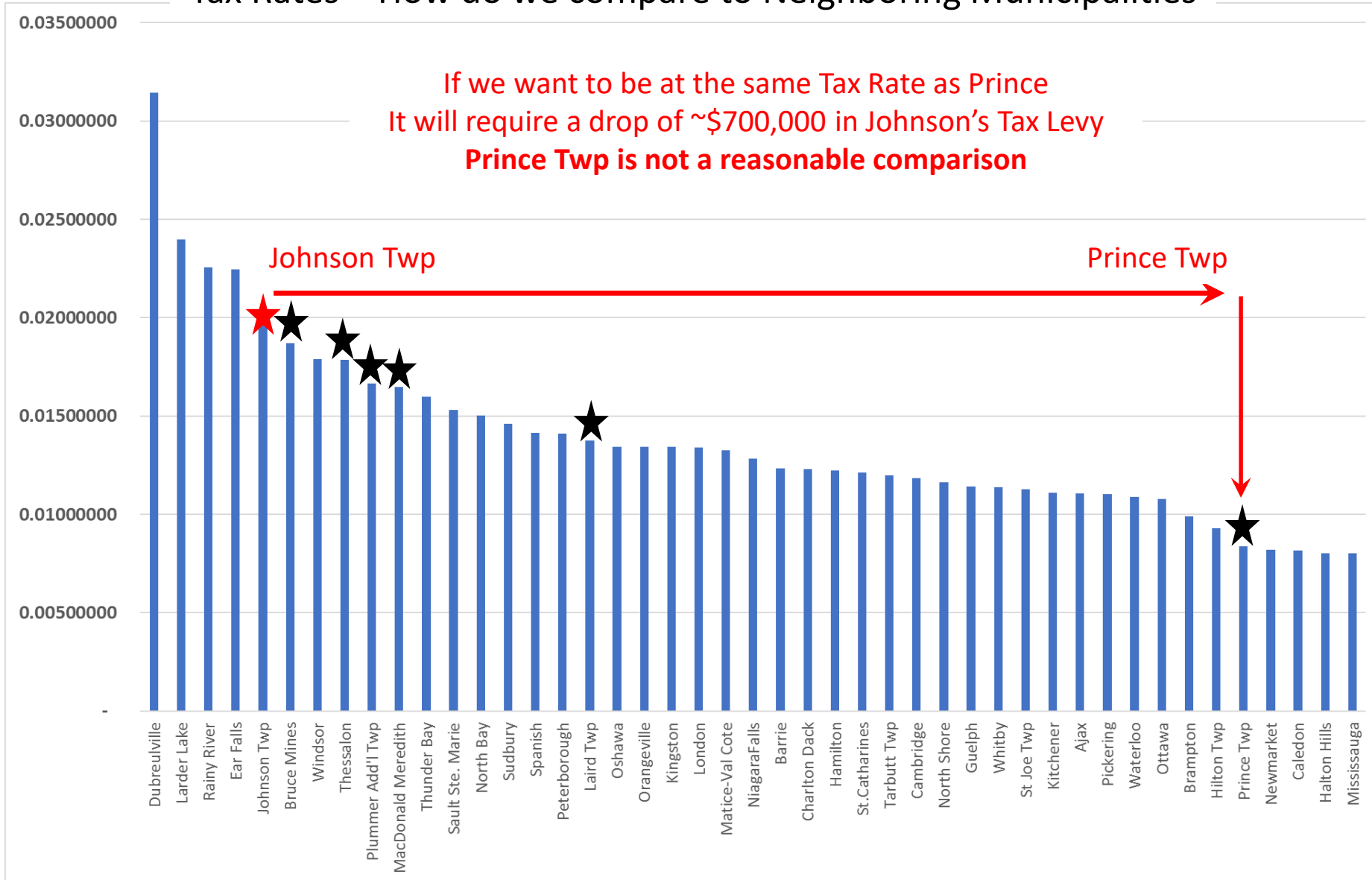


Tax Rate is not always a good metric to assess the efficiency of a municipality. There are a number of factors that contribute to Tax Rates:

- Commercial and Industrial Mix
- Debt Level
- Reserves
- Operating costs
- Facilities
- Geographical area

Johnson Township

Tax Rates – How do we compare to Neighboring Municipalities



If we want to be at the same Tax Rate as Prince
It will require a drop of ~\$700,000 in Johnson's Tax Levy
Prince Twp is not a reasonable comparison

Why is our Tax Rate so much higher than our peers?

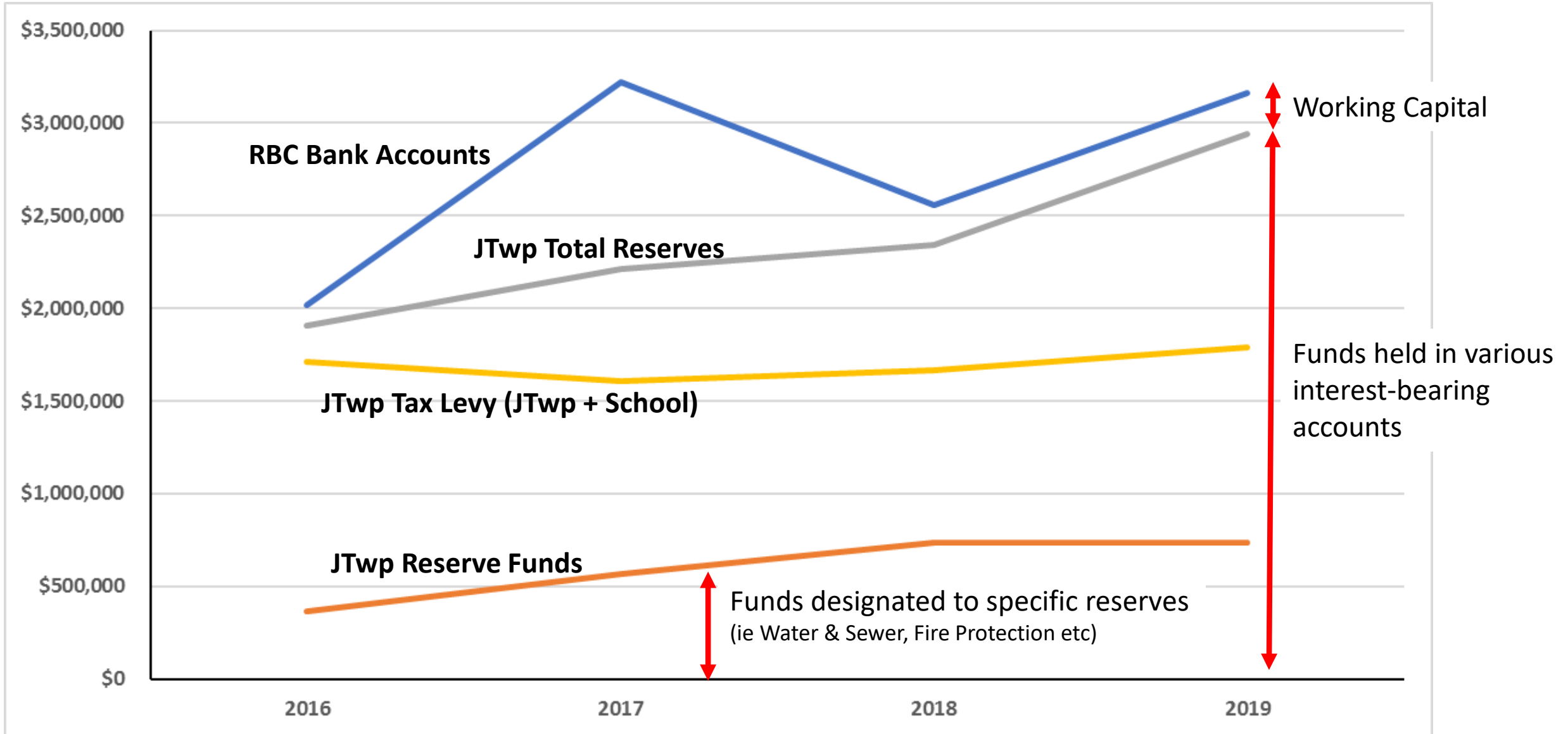
For Johnson to have the same Tax Rate as Bruce Mines it would require reducing its Tax Levy by ~ \$200,000

Johnson Township

Taxation, Reserves and the need for Budgeting Discipline

Taxes, Reserves, Working Capital (Year End Balances)

Each year Johnson fails to spend all the money it collects in taxes and these unused funds (average \$250,000 /yr) go into Reserves
Our high Tax Rate is a function of taxation not spending



Rapid Reserves Growth = Heavy Tax Burden

Did we plan to increase our Reserves by 50% over 4 years?

No, it resulted from unexpected surpluses over consecutive years

Indications suggest we need to:

Plan better - Staff & Council need access to and better use of good data

- Leverage the functionality of our USTI system and the data it contains
- **Develop Budgeting Discipline**
- Prepare a comprehensive Business Plan for the township

Work more efficiently – The JTwp office needs to modernize to increase productivity

- Update our phones, computer systems, cyber security protection and USTI systems so that we can get more work done with the few staff we have on hand
- The Provincial government has provided JTwp with approximately \$250,000 to modernize
Lets use some Modernization Funds immediately

**Johnson Township
and
The Importance of Accurate Data**

Management (and Tax Payers) need access to better data

Typical data available to the Taxpayers

Out-dated and not very granular

The only data currently available to the taxpayers

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Taxation, net (note 9)	\$ 1,474,305	\$ 1,537,673	\$ 1,443,810
Government grants	597,839	534,513	585,013
Other municipalities	2,000	24,636	20,453
User charges and other	393,516	349,215	266,564
Penalties and interest	20,000	41,041	44,719
Other income	1,500	67,902	45,846
	2,489,160	2,554,980	2,406,405
Expenditures			
General government	386,353	400,041	383,079
Protection to persons and property	327,921	323,449	251,032
Transportation services	592,659	627,492	669,492
Environmental services	230,559	256,599	258,995
Health services	47,544	41,421	41,200
Social and family services	274,834	274,834	271,865
Recreation and cultural services	338,731	351,201	135,171
Planning and development	19,640	9,851	7,797
	2,218,241	2,284,888	2,018,631
Annual surplus	270,919	270,092	387,774

Financial Information Reports (FIR) and JTwp Financial Statements are not prepared with management needs in mind but rather are in keeping with the requirements of PSAB.

Historically there have been delays in releasing these statements and this is not in keeping with good management practices.

Our GL has over 500 accounts to track funds, but it is almost 15 years old and needs to be organized more efficiently, with more accounts added so we can track our funds in more detail.

It is also important for staff to be reasonably transparent with this data so that Council and taxpayers can better understand the decisions faced by the Municipality.

What happens when we don't have access to accurate data

Misconceptions run rampant through the community

Examples:

Lets look at:

1. **The cost of Recreation Programs** – specifically programs requiring ice in the arena, and
2. **Water & Sewer Operations** – are non users subsidizing these operations

Misconceptions on these issues are dividing our community

The Cost of Ice Related Recreation

Ice Related Activities - Review	2016	2017	2018	2019
Ice Related Revenues	\$136,745	\$172,095	\$154,043	\$122,061
Recreation Expenses	\$160,067	\$170,474	\$182,003	\$94,480
Arena Related Expenses	\$125,197	\$117,124	\$120,108	\$100,941
Total Expenses	\$285,264	\$287,598	\$302,110	\$195,422
Gain or - Loss	-\$148,519	-\$115,503	-\$148,067	-\$73,360

This exercise was initiated as a result of some taxpayers expressing concerns over the cost of the arena versus the usage it was receiving

If we only access publicly available data, we can't understand the issue completely

More details are needed to determine which Recreation data apply to non-ice recreation
We hope to gather better data in the 2020 / 21 recreation season

GL accounts for JTwp Recreation & Culture include non-cash
Depreciation of approximately \$57,000/yr

User demographics are also changing from year to year

Since 2016, Echo Bay has opened their own new natural ice rink and this will decrease JTCC usage
However CASS has requested to increase its usage of Desbarats ice in 2020

No decision is being made about the ice or the arena. We will use the 2020 / 2021 season to compile better, more detailed data on costs & user demographics and come back to the taxpayers for another update

Recreation & Culture	
Recreation	
01-80-00-4503	JTCC Arena Ice Rental
Arena	
01-80-85-4507	Rec Co-Ord Misc Prog
01-80-85-4514	Recreation Adult Hockey
01-80-85-4517	Rec Public Skating
Canteen	
01-80-86-4509	JTCC Canteen Rent
01-80-86-4511	JTCC Skate Sharp
Recreation	
01-80-00-5100	Recreation Coord Wages
01-80-00-5101	Recreation CoOrd CPP
01-80-00-5102	Recreation CoOrd EI
01-80-00-5103	Recreation CoOrd EHT
01-80-00-5104	Recreation CoOrd WSIB
01-80-00-5105	Recreation CoOrd OMERS
01-80-00-5113	JTCC Machine Time
01-80-00-5119	JTCC Small Equipment
01-80-00-5121	JTCC Equipment Repair/Maintnce
01-80-00-5125	JTCC Genl Materials Supplies
01-80-00-5135	Recreation Co Ord Advertising
01-80-00-5140	JTCC Consulting Fees
01-80-00-5144	JTCC Building Repair Mntce
01-80-00-5145	Recreation Co Ord Phone
01-80-00-5148	Recreation Co Ord Utilities
01-80-00-5150	JTCC Insurance
01-80-00-5163	JTCC Equip Mntce Contract
01-80-00-5168	Capital Project Exp
01-80-00-5756	Recreation Co-Ord Program Supply
01-80-00-6000	Transfer (to) from Reserve
01-80-00-7000	Recreation Deprecn Exp TCA
Arena	
01-80-85-5009	JTCC Arena Eq Repair
01-80-85-5010	JTCC Arena Utilities
01-80-85-5100	JTCC Arena Salaries
01-80-85-5101	JTCC CPP
01-80-85-5102	JTCC EI
01-80-85-5103	JTCC EHT
01-80-85-5104	JTCC WSIB
01-80-85-5105	JTCC OMERS
01-80-85-5113	JTCC Arena Machine Time
01-80-85-5125	Recreation Materials
01-80-85-5145	Recreation Co-Ord Office Supplies
01-80-85-5149	JTCC Miscellaneous
01-80-85-5150	Recreation Insurance
01-80-85-5160	JTCC Telephone/Fax/Internet
01-80-85-5168	Capital Project Exp
01-80-85-5755	Recreation Adult Hockey

Township Water & Sewer Operations

Is this system being subsidized by non users?

According to Johnson Township records dating back to 2015, Water and Sewer collectively report annual cash surpluses

JTwp Water & Sewer Overall Performance	2019	2018	2017	2016	2015
Gain / (Loss) Cash Basis					
Water	\$26,560	\$103,993	\$65,321	\$63,505	\$66,271
Sewer	-\$1,455	-\$5,068	-\$11,169	-\$7,489	-\$13,456
Surplus or Loss for Water & Sewer	\$25,106	\$98,925	\$54,152	\$56,016	\$52,815
Reserve Fund - Water Sewer	\$164,989	\$164,989	\$109,850	\$73,010	\$67,022
Change in Water & Sewer Reserves	\$0	\$55,139	\$36,840	\$5,988	-\$30,945
Monies that are unaccounted for	\$25,106	\$43,786	\$17,312	\$50,028	\$83,760

Use of the Fuel Tax Funds

In 2018, Johnson allocated a significant portion of the Federal Gas Tax Funds (\$47,388) to Water Revenues. This caused concern by some taxpayers who were not on the water & sewer system as the funds were to benefit the whole municipality.

It didn't really matter in the end as only a small amount of the funds went S&W reserves. The majority of these funds eventually ended up in general reserves and not allocated to any specific purpose.

This caused confusion with taxpayer

JTwp Water & Distribution Review	2019	2018	2017	2016	2015
Revenues					
01-40-00-4302 Env Joint Waste-Other Municipalitie	\$11,933	\$38,865	\$25,235	\$19,793	\$17,269
01-40-00-4306 Disconnection/Reconnect Fees	\$0	\$0	\$0	\$0	\$0
01-40-00-4308 Water Mtce Charges	\$91,890	\$127,144	\$94,066	\$131,146	\$113,758
01-40-00-4310 Water Annual Capital Charge	\$10,900	\$15,000	\$15,000	\$13,300	\$0
01-40-00-4903 Water & Sewer Interest	\$230	\$632	\$1,216	\$1,168	\$725
01-40-00-4913 Env Water Fed Prov Grants	\$0	\$47,388	\$0	\$15,000	\$0
01-40-00-4926 Environ Water Misc Rev	\$50	\$75	\$25,075	\$150	\$25,726
Water Revenues	\$115,002	\$229,103	\$160,592	\$180,556	\$157,479
Total Government Grants / Subsidies	\$11,933	\$86,253	\$25,235	\$34,793	\$17,269
Expenditures					
Staff / Employees Wages & Benefits					
01-40-50-5100 Environmental Water Wages	\$2,589	\$5,167	\$4,935	\$9,315	\$4,295
01-40-50-5101 Environmental Water CPP	\$122	\$135	\$179	\$369	\$142
01-40-50-5102 Environmental Water EI	\$59	\$61	\$81	\$188	\$73
01-40-50-5103 Environmental Water EHT	\$50	\$76	\$96	\$161	\$63
01-40-50-5104 Environmental Water WSIB	\$76	\$111	\$137	\$262	\$103
01-40-50-5105 Environmental Water OMERS	\$243	\$377	\$454	\$673	\$231
01-40-50-5106 Environmental Water Group Ins.	\$0	\$0	\$0	\$0	\$0
Non Staff Charges					
01-40-50-5113 Env Water Machine Time	\$0	\$32	-\$175	\$896	\$0
01-40-50-5145 Environmental Water Office Supplies	\$4	\$107	\$444	\$828	\$741
01-40-50-5148 Environmental Water Utilities	\$10,887	\$10,830	\$10,134	\$11,825	\$12,075
01-40-50-5149 Environmental Water Miscellaneous	\$9,617	\$25,576	\$10,956	\$19,165	\$14,308
01-40-50-5150 Environmental Water Insurance	\$6,593	\$6,232	\$6,196	\$6,052	\$3,910
01-40-50-5155 Environmental Water Emergency Services	\$1,041	\$14,328	\$3,998	\$16,284	\$2,925
01-40-15-5162 Environment Water Lakess Resource Protection	\$0	\$0	\$0	\$0	\$1,721
Depreciation Charges (Non-Cash)					
01-40-00-7013 Environmental Depreciation Exp Water Treat Plant	\$0	\$6,751	\$6,751	\$6,751	\$6,751
01-40-00-7014 Environmental Depreciation Exp Water Distribution	\$0	\$9,877	\$9,877	\$9,877	\$9,877
PUC Contract					
01-40-50-5125 Environmental Water PUC	\$57,162	\$62,079	\$57,836	\$51,030	\$50,622
Water Expenditures	\$88,442	\$141,738	\$111,899	\$133,678	\$107,835
Gain / -Loss	\$26,560	\$87,366	\$48,693	\$46,878	\$49,644
Add back Depreciation	\$0	\$16,628	\$16,628	\$16,628	\$16,628
Gain / -Loss (Cash Basis)	\$26,560	\$103,993	\$65,321	\$63,505	\$66,271
JTwp Waste Water (Sewer) Review	2019	2018	2017	2016	2015
Revenues					
01-40-00-4307 Environmental - Sewer Repairs	\$0	\$0	\$4,576	\$702	-\$350
01-40-00-4309 Sewer Mtce Charges	\$24,604	\$32,447	\$24,218	\$32,534	\$33,757
01-40-00-4311 Sewer Annual Capital Charge	\$4,600	\$15,400	\$5,400	-	-
01-40-00-4903 Water & Sewer Interest	\$230	\$632	\$1,216	-	-
Waste Water (Sewer) Revenues	\$29,434	\$48,479	\$35,409	\$33,236	\$33,407
Expenditures					
Staff / Employees Wages & Benefits					
01-40-60-5100 Environmental Sewer Wages	\$656	\$4,867	\$2,405	\$1,721	\$1,993
01-40-60-5101 Environmental Sewer CPP	\$26	\$155	\$103	\$46	\$62
01-40-60-5102 Environmental Sewer EI	\$10	\$73	\$46	\$24	\$32
01-40-60-5103 Environmental Sewer EHT	\$13	\$79	\$47	\$20	\$26
01-40-60-5104 Environmental Sewer WSIB	\$19	\$118	\$68	\$32	\$42
01-40-60-5105 Environmental Sewer OMERS	\$61	\$378	\$233	\$93	\$99
01-40-60-5106 Environmental Sewer Group Insurance	\$0	\$0	\$0	\$0	\$0
Non Staff Charges					
01-40-60-5113 Env Sewer Machine Time	\$0	\$32	\$271	\$127	\$0
01-40-60-5145 Environmental Sewer Office Supplies	\$4	\$88	\$444	\$803	\$714
01-40-60-5148 Environmental Sewer Utilities	\$0	\$0	\$0	\$0	\$0
01-40-60-5149 Environmental Sewer Miscellaneous	\$850	\$1,689	\$1,674	\$1,808	\$1,840
01-40-60-5150 Environ Sewer Insurance	\$2,144	\$2,026	\$1,888	\$1,839	\$672
01-40-60-5155 Environmental Sewer Emergency Services	\$1,619	\$4,604	\$5,731	\$8,188	\$6,268
01-40-60-5156 Environmental Sewer Schedule Services	\$2,842	\$4,680	\$4,749	\$3,882	\$5,288
01-40-60-5157 Environmental Sewer Maintenance/Repairs	\$170	\$6,598	\$2,972	\$568	\$3,336
Depreciation Charges (Non-Cash)					
01-40-00-7010 Environmental Depreciation Exp Wastewater Sewer	\$0	\$15,018	\$15,018	\$15,018	\$15,018
01-40-00-7011 Environmental Depreciation Exp Wastewater Lagoon	\$0	\$6,330	\$6,330	\$6,330	\$6,330
01-40-00-7012 Environmental Depreciation Exp Storm Sewer	\$0	\$903	\$903	\$903	\$903
01-40-00-7000 Environmental Depreciation Exp	\$0	\$7,466	\$4,287	\$3,980	\$1,886
PUC Contract					
01-40-60-5125 Environmental Sewer PUC	\$22,476	\$28,159	\$25,947	\$21,576	\$26,492
Waste Water (Sewer) Expenditures	\$30,888	\$83,264	\$73,117	\$66,957	\$71,001
Sewer Gain / -Loss	-\$1,455	-\$34,785	-\$37,708	-\$33,721	-\$37,594
Add back Depreciation	\$0	\$29,717	\$26,539	\$26,232	\$24,137
Gain / -Loss (Cash Basis)	-\$1,455	-\$5,068	-\$11,169	-\$7,489	-\$13,456

**Johnson Township
and
Assessment Based Management**

MPAC and Johnson Township

JTwp's Assessment Based Management effort

Provincial Legislation provides for:

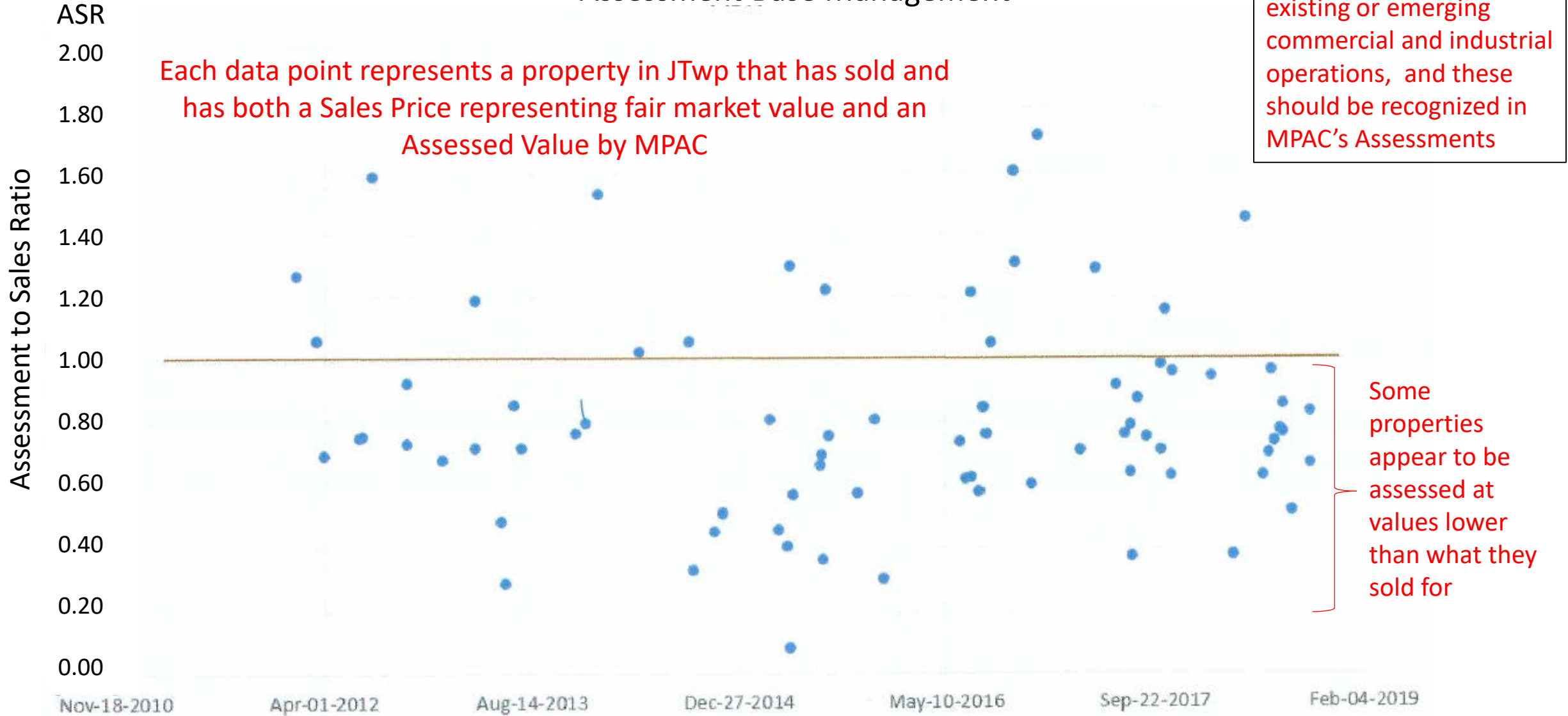
1. Municipal governments to levy taxes on properties based on market value, and
2. MPAC will be the party that determines market value

JTwp's Assessment Base Management effort checks to see if MPAC's assessments are fair and that the municipal tax burden is distributed appropriately as per provincial legislation

This effort has resulted in a number of appeals and reviews

Johnson Township

Assessment Base Management



Johnson Township

Assessment Base Management

ASR



Recommendations from the 2018 KPMG Report and Johnson's Response

KPMG Recommendation	Johnson Township Action
1 Need for Organizational Charts	These have been developed and are waiting on approval by Council
2 Staffing & Succession Planning	5 of our 9 full time employees have or will be changed by the end of 2020
3 Job Descriptions	As a result of our hiring process, we have job descriptions for 5 of our 9 employees. More will be completed by the end of 2020
4 Training Policies / Cross Staff Training	This is addressed as part of our Modernization effort and is funded by the Provincial Government
5 Annual Goal Setting	Several Milestone Goals being put before council this week.
6 Tendering for Services	This is to be addressed as one of the milestone goals for 2020. FYI the formal tendering process, while important, does take up considerable resources to manage properly
7 Financing Strategy & Capital Levy	This will be addressed as part of the financial review outlined in this presentation
8 Timelines for Annual Budget & Guidelines for Budget development	Being addressed by Council Q1 2010
9 Development of a Reserve & Reserve Fund Policy	Being addressed by Council Q1 2010
10 Development of a Debt Policy	Being addressed by Council Q1 2010
11 Formal Shared Services Arrangement	Attempts were made and more efforts are underway with other municipalities
12 Group Purchasing with other municipalities	We are participating in an aggregate tendering process
13 Introduction of a Consolidated User Fee By-Law	Not being contemplated at this time

Priorities for 2020

Subject to Council Approval

1. Develop a realistic 2020 JTwp Budget – in line with historical expenditures
2. Continue with Asset Base Management
3. Programs to protect our ground water and lakes – the biggest revenue generators for JTwp
4. Community Clean-up Days - to arrest the depreciating property values in Desbarats
2 weekends in July where the municipality will help Desbarats residents clean up their properties
5. Milestone Goals for 2020: Apply the Municipal Modernization Funds to modernize our municipal operations:
 - Update our computer & IT systems
 - Better IT training for our staff & Council
 - Cybersecurity protection
 - Electronic record keeping
 - Update our phone system
 - plans for new municipal office building
 - JTwp Business Plan
 - HSE Policies, Employee Code of Conduct
 - Tendering for Legal, Engineering & Auditor
 - Building Condition Assessment (Arena & Office)
6. Continue to pursue Shared Services with our neighboring Municipalities
7. Implement more discipline and transparency in our financial reporting
8. Continue to pursue cost reductions & efficiencies wherever we can find them