

## **Budget 2013 and Winterton Financial Update**

Budget 2013 has recently been passed by council and the accountants audit for 2011 has recently been accepted by council. These are the two important financial milestones in the year. The audit gives the council a definitive picture of the health of the town's finances as of the end of fiscal year 2011 and serves as a measure of the strength of the council's financial management. The budget is the tool the town uses to plan the upcoming year and addresses tax rates as well as town expenses.

### **History**

The recent history of the financial management of the Town has been somewhat rocky. Unfortunately the town lost its permanent clerk in 2009 and the town experienced turnover in the clerk's position over the course of the following 18 months during which time the day to day bookkeeping and overall management of the short term financial situation was unfocused. The council was very lucky to have major help during this period from Grant Tucker and Bev King. Without their help and commitment to the town we would have been in major trouble. Finally, the council hired a permanent clerk, Stephanie Powers-Green, who has taken control of the bookkeeping and has worked diligently ever since taking the office to focus the financial management of the town. She has brought us back to having sound bookkeeping and is now starting the process of advancing our system to allow us better control and transparency. As with any system our can use improvement; we are working on making better information available to the council and to town residents.

During this period of turmoil we have also changed the firm which carries out our annual audit and we have changed the software we use to do our bookkeeping in the town office. We moved from an old DOS based system to modern Simply Accounting. Both of these moves were necessary but both also added to the confusion and stress of getting the financial recording under control. During this period we also lost several councilors including the former long serving mayor Harnum which further broke the continuum of management.

I am pleased to say that we are in very good shape now and we are now working on making our controls better than they ever have been. Our goal is to increase the transparency and accountability of the council through better reporting of our financial goals as well as better reporting of our performance. This change takes time however; the council is trying to make measured steps forward. The next step is a monthly financial statement produced in-house by our clerk, these will be passed in council and made available on the website.

### **State of the Town Finances**

Currently we have the lowest residential property tax in our immediate area. We have the lowest minimum property tax and the lowest mill rate. As of 2013 we do not charge any additional fee for garbage pickup. Winterton has a good base of business tax payers and we benefit from the financial foresight of previous councils. We also benefit from their foresight and especially the work of former mayor Harnum in establishing the local RV park, which

contributes to the bottom line of the town every year. Our debt ratio is very low when compared to other towns our size and we have a repayment plan in place which will see the debt reduced significantly over the next few years. Without any additional capital expense Winterton will be debt free in 2016. We may require some capital improvement in this period but we are getting over a repayment hump now.

### **Recent Changes**

The 2013 budget made the following significant changes:

- The garbage tax was removed.
- Poll tax was increased by \$25 to \$375
- The residential mill rate was reduced from 7.5 to 6.5 which means a house valued at \$100,000 will now pay \$650 property tax. Mill rate tax payers will still pay more tax on average than last year as the municipal assessments have increased, this will vary from house to house as the increase assessed varies.
- The minimum tax was increased by \$40 to \$320 to compensate for the reduced garbage tax which effectively leaves the minimum tax unchanged from last year. Minimum tax is levied on properties valued at \$49,231 or below.
- Business tax rates are unchanged except an increase of \$500 in the tax agreement with the fish plant.
- A minimum tax of \$30 on undeveloped land was added to the tax structure. This allows council to tax each piece of land for a minimum value. This is justified as council is charged \$29 by the municipal assessment agency for each piece. Council is taxing only enough to recover the cost of assessment. Minimum tax is charged on all land valued less than \$4615.
- In 2013 the Town will add a 5% penalty to residents who do not pay their municipal taxes in full or arrange a monthly payment plan by March 1. This is a change from last year where the town provided a discount to those who paid early. The Town now requires residents to use fixed monthly payments methods; such as automatic bank withdraw or postdated cheques. Please see Clerk to set up payment options.

### **Future**

Our town is in good financial shape, with continued good management practices we will be in good shape for years to come.

Mark Sheppard, Mayor