The Corporate Overview section of the binder package provides roll-up summaries of the 2020 recommended operating budget. The attached schedules are also included as Exhibits in Council Report Number 19-314 - 2020 Draft Operating and Capital Budgets.

The Municipal Operating Budget summaries included in this section are as follows:

- **2020 Operating Budget Summary**: summarizes the 2020 recommended and 2021-2023 projected municipal operating budget by revenue and expenditure type
- **2020 Municipal Gross Expenditure/Revenue Summary by Group**: summarizes 2020 recommended and 2021-2023 projected total expenditures, revenues and net tax requirements by group
- **2020 Municipal Net Tax Revenue Budget Summary**: summarizes the 2020 recommended and the 2021-2023 projected net tax requirements by department

In addition, this section includes tax bill summary information which breaks down the 2020 municipal operating budget into service components as funded by an average residential property tax billing. The municipal portion or an average residential tax bill, estimated at $3,690 was used for this breakdown. This was calculated by adding a total of 2.5% (1.5% for operations and 1% for capital levy) to $3,600 the municipal portion of the tax levy in 2019 for an average residential assessment of $319,073. Taxes on properties with assessments above or below this average value would be adjusted proportionately. This provides a preliminary look at the information that will normally be included in the 2020 final tax bill insert.

The tax rate increase reflects only the municipal budget increase. The average tax increase will vary from property to property based on property specific reassessment changes. Assessment values are updated every four years by the Municipal Property Assessment Corporation (MPAC) with increases phased in over the four year period. 2020 is the last year of the current four-year assessment cycle.

Additional information with respect to budget projections for 2021-2023 is also included in this section which currently reflects preliminary tax increases of 1.8%, 2.4% and 2.1% respectively, plus an annual 1% for capital purposes. As part of the strategic planning process earlier this year, Council approved tax rate increase targets of 1.4% in 2021, 1.4% in 2022 and 1.3% in 2023 plus an annual 1% for capital purposes. Staff will continue to identify operational efficiencies, prioritize work and review other strategies to address current budget gaps based on the targeted tax rate increases.

This section of the binder package also includes detail on corporate revenues and expenses that are not attributable to any one service area. These include property tax revenues, adjustments and allowances and other fiscal revenues and expenses.
Property Tax Revenues, Adjustments and Allowances

The recommended 2020 budget reflects a net tax requirement of $242.1M, or a 4.1% increase over 2019 net taxation revenues. Projected assessment growth of 1.4% contributes $3.2M, supplementary taxes contribute $2.6M and the remaining $236.3M represents a tax rate increase of 2.5% over 2019 levels.

<table>
<thead>
<tr>
<th></th>
<th>2019 Budget ($M)</th>
<th>2020 Budget ($M)</th>
<th>Increase over 2019 Budget (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax revenues</td>
<td>$ 230.5</td>
<td>$ 236.3</td>
<td>2.5%</td>
</tr>
<tr>
<td>Assessment growth</td>
<td>3.2</td>
<td></td>
<td>1.4%</td>
</tr>
<tr>
<td>Supplementary taxation</td>
<td>2.0</td>
<td>2.6</td>
<td>0.2%</td>
</tr>
<tr>
<td></td>
<td><strong>232.5</strong></td>
<td><strong>242.1</strong></td>
<td><strong>4.1%</strong></td>
</tr>
</tbody>
</table>

A separate component of taxation revenues comes from properties owned by other levels of government in the form of payments in lieu of taxation (PIL). Total PILs are projected at $17.1M for 2020, a large proportion of which ($10.9M) relates to PILs for the federal properties in Kingston. Post-secondary student population and hospital beds funding is also included in this category at a rate of $75 per head and bed, unchanged since 1987. Total PILs increased by $780K over 2019 primarily due to new construction on the federal property at McNaughton Barracks as well as increased enrollment projected for Queen’s University.

This category also includes tax assistance programs and write offs ($3.2M), penalty and interest revenue on outstanding taxes receivable ($1.6M), transfers to DC/Impost Reserve Funds to repay deferred exemptions and Brownfield CIP reimbursements ($2.2M).

Budgets for tax assistance programs and write offs have increased by approximately $150K in 2020 due to an increase in the provision for taxation write offs of $600K to address uncertainty in assessed values for large retail properties; this increase is offset by a reduction in vacancy rebates of $450K to reflect year one of the Council approved two-year phase out.
The brownfield incentive and tax cancellation program continues to be successful in generating new, ongoing property tax revenues once exemptions and brownfield rebates are paid from the incremental assessment. Estimated costs for these programs are increasing in future years’ projections based on increased activity in the programs and the assumptions used with respect to timing and future assessment values of qualifying properties.

Except where noted, future years’ projections in this category are consistent with 2020 budgets, incorporating annual adjustments for inflation where applicable.

**Fiscal Services**

The increase in Fiscal Services of approximately $3.5M relates primarily to the 1% annual levy increase for capital infrastructure purposes ($2.9M) as well as a one-time transfer of $400K to the working fund reserve to address the uncertainty of future year provincial funding reductions. In 2020, a total of $40.7M will be raised through the tax levy for capital infrastructure replacement and renewal purposes.

Fiscal Services also includes investment income on corporate funds of $1.5M and $1.7M paid to Municipal Property Assessment Corporation for property assessment services. Other corporate related costs include retiree benefits, WSIB administration costs, corporate administrative cost recoveries and a contingency allocation.