



SPECIAL COUNCIL AGENDA REPORT

TO: Mayor Harding and Members of Council

MEETING DATE: May 13, 2020

SUBJECT: Adoption of the 2020 Operating Budget and 2020 Capital Budget and Forecast

RECOMMENDATION:

THAT the 2020 Report on Excluded Expenses – Ontario Regulation 284/09 regarding expenses excluded from the 2020 Draft Tax Supported Operating Budget and Capital Budget and Forecast, as included in Report 4(2020)-5, **be approved;**

AND THAT The Township of Muskoka Lakes 2020 Operating Budget and Capital Budget and Forecast dated April 24th, 2020, as amended and recommended by the Committee of the Whole Council on May 1st, 2020, with:

- total operating expenditures of \$16,719,421;
- total operating revenues of \$4,434,170;
- a net levy of \$12,285,251; and
- gross capital expenditures of \$5,507,100 for 2020 and \$66,251,800 for the period from 2020 to 2029, **be adopted;**

AND THAT By-law 2020-039, being a by-law to establish the 2020 tax rates be given three readings.

APPROVALS:

	Date	Signature
Submitted by: D. Hammond, CAO	<u>15/05/2020</u>	<u>Original signed by D. Hammond</u>
J. Stevens, CPA, CA District Commissioner of Finance and Corporate Services	<u>15/05/2020</u>	<u>Original signed by J. Stevens</u>

SUMMARY:

This report provides an overview of the results of the Committee of the Whole's review and amendments to the Draft 2020 Operating and Capital Budget and Forecast.

ORIGIN:

Committee of the Whole Council reviewed the [Draft Operating Budget and Capital Budget and Forecast](#) on April 24th, 2020 and then made various amendments to the document during their deliberations on May 1, 2020.

BACKGROUND:

During the Committee of the Whole meeting on May 1, 2020, staff presented their [report](#) which contained:

- an estimation of the financial impacts of COVID-19 on the Township’s operations;
- an assessment of further opportunities for cost savings in the Draft 2020 Operating Budget; and
- written responses to the submitted public comments.

DISCUSSION:

2020 Draft Tax Supported Operating Budget

During their budget deliberations on May 1st, 2020, the Committee of the Whole considered and endorsed the amendments outlined in Table 1 below. The effect of these changes enabled a decrease of the proposed 2020 net levy by \$291,800, which resulted in a total increase of \$257,445 or 2.1% over the 2019 levy. Taking into consideration an estimated assessment growth of 1.42%, the 2020 net levy increase is 0.7% higher than that in 2019. The estimated impact to a typical residential property valued at \$500,000 is an annual increase in taxes of \$4.34. Lastly, after taking into consideration values changes related to assessments, the year over year tax rate for general services will decrease by 1.43%.

Attached as Appendix “I” is the revised 2020 Draft Operating Budget Summary showing Net Levy by Department and Expense type.

Table 1 Committee of the Whole Endorsed Budget Amendments

Program Area	Description of Impact	Total Operating Expenditures	Total Operating Revenues	Net Levy
April 24, 2020: 2020 Draft Operating Budget		\$17,011,221	(\$4,434,170)	\$12,577,051
Council	Wage Increase - Defer to 2021	(18,700)		(18,700)
	Benefits Increase - Defer to 2021	(15,100)		(15,100)
	Conferences - Reduce to 2019 actual	(2,000)		(2,000)
Clerk	Legal - Reduce to 2019 adjusted actual	(18,000)		(18,000)
	Purchase of Goods & Services - Defer offsite records storage project	(5,000)		(5,000)
	Survey - Reduce to 2019 adjusted actual	(3,000)		(3,000)
	Consultants Fees	(3,000)		(3,000)

Program Area	Description of Impact	Total Operating Expenditures	Total Operating Revenues	Net Levy
Community Development	Contracted Services - Video Development - Defer project to 2021	(13,000)		(13,000)
	Communications - Community Guide	(6,500)		(6,500)
	Communications - Brochures (Downtown Map & Trails)	(3,000)		(3,000)
	Visitor Centre Kiosk	(2,500)		(2,500)
Library	Advertising - Reduced to 2019 actual	(500)		(500)
	Purchase of Goods and Services - Reduced to 2019 actual	(1,000)		(1,000)
	Programs - Reduction in programs offered	(500)		(500)
Planning	Heritage Committee - Reduction in proposed increase in activities	(15,000)		(15,000)
Grants to Organizations	Operating Grants - Visitor Centre Operations - Eliminate grant	(20,000)		(20,000)
	Operating Grants - Walker's Point/Milford Bay Libraries - Eliminate grant	(4,000)		(4,000)
	Operating Grants - Habitat for Humanity Bala Build - Eliminate grant	(20,000)		(20,000)
	Operating Grants - Electronic Wait List - Eliminate grant	(2,000)		(2,000)
Personnel	Market Compensation Review Implementation for full year	(39,000)		(39,000)
Capital Financing	Contribution to Reserves reduction	(100,000)		(100,000)
Total Amendments		(\$291,800)	\$0	(\$291,800)
May 15, 2020: 2020 Draft Operating Budget, as Amended		\$16,719,421	(\$4,434,170)	\$12,285,251

2020 Draft Capital Budget and Forecast

There were no amendments endorsed for the 2020 Draft Capital Budget and Forecast and Table 2 provides a summary thereof:

Table 2 - 2020 Draft Capital Budget and Forecast

Program	2020	2021-2029	10 Year Total
April 24, 2020: 2020 Draft Capital Budget and Forecast	\$5,507,100	\$60,744,700	66,251,800
Total Amendments	\$0	\$0	\$0

May 15, 2020: 2020 Draft Capital Budget and Forecast	\$5,507,100	\$60,744,700	66,251,800
---	--------------------	---------------------	-------------------

2020 Report on Excluded Expenses – Ontario Regulation 284/09 (O. Reg. 284/09)

Most municipalities, including the Township, prepare budgets on a traditional funding basis where revenue and expenses for operating and capital budgets are balanced. However, municipalities are required under O. Reg. 284/09 to report on expenses that have been excluded from the annual budget, prior to adopting a budget. The intent of the regulation is to provide information to Council on balanced budgeting versus full accrual financial statement reporting, and to have Council adopt the report prior to approval of the annual budgets.

Within the staff report dated April 24, 2020, the draft full accrual budget showed an anticipated surplus of \$2.7 million. This surplus has decreased by \$100,000 to just over \$2.6 million based on the net impact of the amendments that were approved and endorsed by the Committee of the Whole on May 1, 2020. The decrease in the surplus is due to the reduction in the contributions to reserve of \$100,000. Appendix "III" provides an updated full accrual budget based on these amendments.

ATTACHMENTS:

Appendix "I" – 2020 Operating Budget – Summary of Net Levy by Department/Program

Appendix "II" – 2020 Operating Budget – Summary by Expenditure Type

Appendix "III" – Updated Full Accrual Budget Reconciliation

Appendix I - TOWNSHIP OF MUSKOKA LAKES							
2020 OPERATING BUDGET - SUMMARY BY DEPARTMENT/PROGRAM							
	Budget	Budget		Actual	Budget	Actual	Actual
	Change	2020	2019	2019 (Dec 31)	2018	2018	2017
Summary of Net Expenditures							
Non-Tax Revenue	(606,126)	(3,667,670)	(3,061,544)	(3,952,881)	(2,807,658)	(3,438,367)	(3,640,142)
Transfers from Obligatory Reserve	-	-	-	-	-	-	(221,671)
Transfers from Discretionary Rese	58,131	(61,500)	(119,631)	(34,171)	(107,300)	(69,051)	(4,167)
Expenses	(217,443)	13,301,539	13,518,982	12,525,266	12,970,910	11,966,136	11,596,654
Transfers to Reserves	1,002,883	3,417,882	2,414,999	3,345,738	2,020,261	3,238,573	2,550,542
Net Expenditures	237,445	12,990,251	12,752,806	11,883,951	12,076,213	11,697,292	10,281,216
Department Net Expenditures							
Council	(19,425)	313,775	333,200	320,973	271,800	258,866	250,916
Clerk	300,620	1,542,040	1,241,420	1,321,977	1,220,880	1,202,358	1,124,037
Treasury	97,257	673,005	575,748	469,788	655,617	694,413	563,376
Community Development	(3,300)	126,500	129,800	124,345	134,966	135,171	109,882
Capital Financing Charges	(100,000)	733,934	833,934	833,934	783,934	1,205,667	746,934
Human Resources	36,100	259,425	223,325	221,748	172,225	160,758	34,889
Information Technology	20,199	735,200	715,001	682,630	462,693	438,317	445,167
Fire	63,089	1,347,995	1,284,906	1,202,797	1,247,838	1,192,514	1,271,175
Emergency Management	13,300	58,200	44,900	37,606	41,600	42,194	20,686
Building	-	-	-	11,225	-	-	-
By-Law Enforcement	646	119,390	118,744	110,196	125,050	124,931	13,741
Dock Lighting	25	5,100	5,075	2,201	5,075	3,597	3,737
Cemeteries	19,941	28,800	8,860	26,485	31,768	14,296	2,092
Parks	(45,016)	552,000	597,016	552,132	549,965	532,152	445,297
Community Centres	(12,271)	548,700	560,971	490,014	538,551	432,128	314,467
Arenas	16,883	589,500	572,617	561,762	536,040	484,480	391,749
Swimming	(986)	18,202	19,188	17,842	17,696	9,064	18,526
Facilities	(10,816)	230,400	241,216	227,370	225,988	214,085	209,229
Library	(2,010)	462,865	464,875	445,149	431,246	417,299	455,387
Trails	(50)	23,500	23,550	23,354	17,844	10,266	14,040
Planning	(103,572)	813,953	917,525	740,912	674,325	651,032	459,745
Grants to Organizations	(11,757)	134,150	145,907	157,771	149,096	141,756	137,297
Health Hub/Wellness Centre	-	34,900	34,900	34,454	30,000	29,429	20,647
Roads	(21,412)	3,638,717	3,660,129	3,267,288	3,745,016	3,302,519	3,228,200

Appendix I - TOWNSHIP OF MUSKOKA LAKES 2020 OPERATING BUDGET - SUMMARY BY DEPARTMENT/PROGRAM							
	Budget	Budget		Actual	Budget	Actual	Actual
	Change	2020	2019	2019 (Dec 31)	2018	2018	2017
Private Signage	-	-	-	-	7,000	-	-
Net Expenditures	237,445	12,990,251	12,752,806	11,883,951	12,076,213	11,697,292	10,281,216
Additional Revenue							
Penalties & Interest	40,000	(510,000)	(550,000)	(549,510)	(550,000)	(476,483)	(492,957)
Supplemental Taxes	(30,000)	(150,000)	(120,000)	(154,664)	(120,000)	(151,526)	(93,888)
Payments-In-Lieu of Taxes	10,000	(45,000)	(55,000)	(40,392)	(55,000)	(48,092)	(40,177)
Levy Requirement	257,445	12,285,251	12,027,806	11,139,386	11,351,213	11,021,190	9,654,193
Budget to Budget Levy			2.14%				

Appendix II - TOWNSHIP OF MUSKOKA LAKES 2020 OPERATING BUDGET - SUMMARY BY EXPENDITURE							
	Budget	Budget		Actual	Budget	Actual	Actual
Account Description	Change	2020	2019	2019 (Dec 31)	2018	2018	2017
Revenue							
Non-tax revenue	(606,126)	(3,667,670)	(3,061,544)	(3,952,881)	(2,807,658)	(3,438,367)	(3,640,142)
Transfer from reserves	58,131	(61,500)	(119,631)	(34,171)	(107,300)	(69,051)	(225,838)
	(547,995)	(3,729,170)	(3,181,175)	(3,987,052)	(2,914,958)	(3,507,418)	(3,865,980)
Expenditures							
Wages & benefits	410,037	7,250,356	6,840,319	6,581,871	6,442,442	6,178,135	5,785,580
Roads operations	(352,042)	2,099,891	2,451,933	2,060,162	2,524,785	2,040,272	2,241,163
Legal, audit, & consulting	41,680	276,100	234,420	128,611	299,920	155,520	124,008
General supplies & services	(187,250)	664,720	851,970	804,292	590,510	568,709	404,569
Purchase of Goods and Services	(40,801)	108,800	149,601	117,541	148,813	135,183	150,783
Utilities	(22,658)	431,845	454,503	446,595	486,745	477,458	429,370
Insurance	194,036	836,600	642,564	788,528	530,371	619,523	581,230
Communications & IT	(1,244)	418,500	419,744	364,159	394,523	375,927	470,930
Building maintenance	(77,290)	198,880	276,170	195,212	373,400	273,819	312,436
Equipment maintenance & rental	(103,430)	276,470	379,900	264,113	321,000	350,666	358,126
Education, conferences, fees	(55,121)	213,325	268,446	219,298	255,516	198,014	236,950
Promotion & grants	(3,757)	179,150	182,907	194,020	172,616	165,677	172,141
Interest, bank charges, financing	2,500	146,202	143,702	149,773	141,066	146,808	143,021
Election	(12,000)	-	12,000	2,662	100,000	66,051	1,572
Write-offs	4,000	44,000	40,000	48,878	25,000	34,797	17,912
Fuel & lubricants	(8,900)	49,700	58,600	51,888	50,100	61,926	54,584
Agreements	(1,703)	40,000	41,703	38,900	41,703	46,410	41,586
Postage & tax billing	(2,000)	44,100	46,100	44,604	45,000	46,203	44,489
Uniforms & clothing	(1,500)	22,900	24,400	24,159	27,400	25,037	26,203
Transfers to reserves	1,002,883	3,417,882	2,414,999	3,345,738	2,020,261	3,238,573	2,550,542
Total Expenses	785,440	16,719,421	15,933,981	15,871,004	14,991,171	15,204,709	14,147,196
Net Expenditures	237,445	12,990,251	12,752,806	11,883,951	12,076,213	11,697,292	10,281,216
Additional Revenue							
Tax related revenue	20,000	(705,000)	(725,000)	(744,565)	(725,000)	(676,101)	(627,023)
Levy requirement	(257,445)	(12,285,251)	(12,027,806)	(11,139,386)	(11,351,213)	(11,021,190)	(9,654,193)
% Budget to Budget Levy			2.14%				

Appendix "III"

Full Accrual Budget Reconciliation			
	Revenues	Expenditures	Surplus/ (Deficit)
2020 Draft Budget			
Operating	\$16,719,421	\$16,719,421	
Capital	5,507,100	5,507,100	
Total 2020 Draft Budget	22,226,521	22,226,521	0
Less: Transfer from Reserves	(3,153,123)		
Less: Transfer to Reserves		(3,417,882)	
Less: Capital Expenses		(5,507,100)	
Less: External Debt Principal Payments		(89,834)	
Subtotal before exclusions	19,073,398	13,211,705	5,861,693
Exclusions:			
Add: Amortization		3,241,783	(3,241,783)
Restated 2020 Draft Budget	\$19,073,398	\$16,453,487	\$2,619,911