

TO: Mayor Caul & Members of Council

FROM: Dawn Galusha, Treasurer

DATE: February 14, 2019

SUBJECT: Revised 2019 Operating Budget for February 19, 2019 Meeting

BACKGROUND

Attached is the “2019 Preliminary Operating Budget Changes since January 21, 2019”. This schedule outlines all operating budget changes since the meeting of January 21, 2019. The total of the changes is a decrease of \$161,802, revising the balance to \$633,475. The major component of this change is based on the change of the OMPF (Ontario Municipal Partnership Fund) to the 2018 funding of \$3,342,100 which increased the revenue by \$157,965. This change is based on the letter from the Minister of Finance which states that the program and funding will remain virtually the same as in 2018, while allowing for annual data updates and related adjustments. This does not necessarily mean that we will get the same funding, but we are optimistic, so we have the change for this revision of the budget.

When preparing the Commercial Banding parameters, we kept the low band at 60% of the tax rate of the high band, which is the same as in 2017 and 2018, and the CVA range from \$0- \$3,600,000. This will include an additional property in the commercial banding for 2019. We can adjust these percentages and bands based on the direction of Council.

As well, we can explore the various ratio options. For the presented information I only prepared the tax rates using the Starting Ratios, but we can also explore the impact of the Revenue Neutral Tax Ratios once we get further direction on the acceptable tax impact for 2019.

Included in this package are the tax rate scenarios for 1%, 2%, and 3% above last year’s rates, as well as the calculation required to obtain enough municipal tax to fund the current \$633,475 deficit in the 2019 budget.

The Fort Frances Meals on Wheels Grant request of \$22,000 was overlooked at the January 21, 2019 budget meeting, which is the same as the approved 2018 amount is included in this budget package as it was referred to the budget process at the November 20, 2018 Council meeting.

Administration will require some direction from Council in order to move forward in addressing this preliminary Operating Deficit. Please consider the following:

1. Reduction in expenditures typically translates to a reduction in services or a negative impact on the current service level
2. Increase in Revenues- approximately 48% of all operating revenue comes from Municipal Taxes
Considering the information provided previously, where does Council want the final Levy to be.
3. Consider a combination of 1 and 2.