

TO: Administration & Finance Executive Committee

FROM: Dawn Galusha, Treasurer

DATE: January 2, 2019

SUBJECT: 2019 Administration and Finance Budget Considerations

BACKGROUND

Attached you will find draft budget documents for the 2019 Budget for the following areas:

- Corporate
- Administration and Finance
- Police Services
- Administration Capital

Corporate Budget

In the draft Corporate budget, the 2018 tax levy is the starting point for the 2019 tax levy until such time as there are firm figures for the entire Town Budget so we can determine tax rates. Further, the school board payments are consistent with the 2018 amounts as education taxes are levied and remitted to the school boards. We do not have information on the 2019 Ontario Municipal Partnership Funding. In 2018, the guaranteed amount for Northern Ontario was 95% of the 2017 funding, so for 2019 95% of 2018 funding is estimated. This causes a budget variance decrease in revenue of \$167,105.

There is a budget decrease in the Election area of \$34,750 as we only budget for the election in the year of the election. The Total Council budget has an increase of \$5,229.

The contributions to the various reserve funds have been left constant, but may be adjusted later based on the remaining amounts in each fund and the outcomes from the Asset Management Plan. The Travel Information Centre is presenting an increase of \$1,136 as the Provincial funding is reduced to \$15,000. We are estimating an increase to the revenue from the solar panels based on 2018 actuals.

The long-term debt section of the budget has a decrease of \$109,063 at this time, assuming no additional debt is incurred for capital projects in 2019.

The overall Corporate budget variance from 2017 to 2018 is an increase of \$31,601.

Administration and Finance Budget

In the draft Administration budget one of the most significant changes is a decrease to the interest and penalties on taxes by \$30,000. This is because of the most recent changes in tax legislation where the property can be placed for tax sale after 2 years, whereas it was 3 years previously. This means the taxes receivable should be lower than in previous years, thus the revenue from interest on the receivables will be lower. Due to rising interest rates, the estimated investment income is an increase of \$30,000 from

the prior year. A few other notable changes to revenue include a \$20,000 increase to the Town's share of POA Fines, a reduction of \$22,000 in the Administration Service Charges, and an increase of \$31,020 for NOHFC Internship grant for a potential IT intern. Overall, we are budgeting an increase of revenue of \$25,894 for the Administration and Finance division.

Administration expenses have a projected decrease of \$96,495 from 2018 to 2019. \$15,500 is a reduction in the HR section. Also, for 2019 we have moved IT to its own section, so the previous year the Administration section included salaries, benefits, office and conference fees for IT.

Town real estate has a decrease of \$6,800 due to the Clinic purchasing the parking lot that the Town was paying Hydro on, and the Clinic now covering the cost of insurance on the old library building.

The Clerk's department is also showing an increase of \$25,360, most of which is for a potential cross training for retirement as well as vacation coverage. The Treasury department shows a reduction of \$49,471. Some of this is due to grid changes for newer employees, as well, there is a reduction for software that is reallocated to IT as well as Contracted Services that were previously for IT. As IT is now in its own section in the budget, we can decipher the true cost of staff, Licensing and ongoing expenses. The overall Administration and Finance budget variance from 2018 to 2019 is an increase of \$100,014.

Police Services Budget

The draft Police Services Board budget is increased by \$2,500 for training in regards to new Board members. Police Services administration presents the same Court Security grant of \$151,952 as in 2018, although this funding has not been confirmed. We have been advised of an increase to OPP Contracted costs of \$396,805 which has a huge effect on our budget for 2019.

The overall Police Services budget variance from 2018 to 2019 is an increase of \$399,305.

Capital Budget

The capital requirements consist of High-Density Shelving units in the two Treasury vaults in order to ensure proper records retention, more room for records and the ability to store the information in the manner that our current files are processed. For example, years ago Treasury data was on ledger cards, small sundry receipts and large ledger paper. With the ability to obtain receipts from the financial system, we have been storing many reports, bills, receipts, payroll ledgers, etc. in binders. The current vault system is not conducive to this file format. The total cost for these two vaults is \$30,520.

Computer Hardware is in the budget for \$31,000 based on the expected replacement of computers in 2019.