



**ADMINISTRATION & FINANCE DIVISION
TREASURY REPORT 2017/119**

TO: Administration & Finance Executive Committee

FROM: Dawn Galusha, Deputy Treasurer

DATE: November 17, 2017

SUBJECT: 2018 Administration and Finance Budget Considerations

BACKGROUND

Attached you will find draft budget documents for the 2018 Budget for the following areas:

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

Corporate Budget

In the draft Corporate budget, the 2017 tax levy is the starting point for the 2018 tax levy until such time as the assessment role is available. Also when there are firm figures for the entire Town Budget we can determine rates. Further, the school board payments are consistent with the 2017 amounts as education taxes are levied and remitted to the school boards. We do not have information on the 2018 Ontario Municipal Partnership Funding. In 2017, the guaranteed amount for Northern Ontario was 90% of the 2016 funding, so for 2018 90% of 2017 funding is included. This causes a budget variance decrease to revenue of \$310,650.

As 2018 is an election year, the overall election budget variance is an increase of \$31,750 in order to accommodate the costs of the Municipal Election. The Total Council budget has an increase of \$16,450, of which \$10,500 is a budgeted increase in the distributed time for public works to set up for community events, including events at the new Rainy Lake Square. Also included is an increase of \$2,000 for the Canada Day festivities and fireworks display.

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. Clinic financing interest has been reduced as the principal is lower each year and the interest rates are also currently at low rates. The Travel Information Centre is presenting a reduction of \$16,130 as a result of RRFDC requesting Provincial funding in the amount of \$19,000 as well as \$2,870 in increases to the expenses. The solar panels have not been as profitable so a slight reduction of \$3,006 is being budgeted.

The long-term debt section of the budget has a decrease of \$155,513 at this time, assuming no additional debt is incurred for capital projects in 2018. This also assumes that Council proceeds with a 5 year amortization on the remaining Honeywell Capital Loans as presented in another report.

The overall Corporate budget variance from 2017 to 2018 is a decrease of \$18,345.

Administration and Finance Budget

In the draft Administration budget the most significant increase is a result of decreasing 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.

Administration expenses have a projected increase of \$30,259 from 2017 to 2018, resulting from staffing costs where there is progression on the salary grids, as well as coverage and IT support, and increases to IT conferences and training.

Town real estate has a slight increase of \$203 due to Hydro charges. The Clerk's department is also showing a slight increase of \$692 which is fluctuations in various lines for the 2018 budget as compared to 2017. In 2017, there was an estimate of coverage for the Deputy Clerk's vacation, but since it was not used, it is now removed from the Clerk's department for 2018. This increases the overall Treasury staff salaries and benefits, but due to more realistic allocations of FFPC Administration contract work, the expenses are shown in the FFPC Administration section and the Treasury budget has an overall decrease.

The overall Administration and Finance budget variance from 2017 to 2018 is an increase of \$104,672.

Police Services Budget

In the draft Police Services Board budget, there is an increase of \$2,784, including an increase of \$2,500 so that two members may attend the annual conference and Zone 1 meeting. Police Services administration presents as an increase to the Court Security grant of \$36,759 and an increase to the OPP Contracted costs of \$35,490, prisoner meals of \$1,000, and general insurance of \$62.

The overall Police Services budget variance from 2017 to 2018 is an increase of \$2,577.

Capital Budget

The capital requirements mostly relate to Information Technology as this has been a major weakness in the Corporation. Shane Freamo, IT Manager, is addressing these weaknesses to ensure that the Town's infrastructure is adequate, and operations are secure. The draft budget for Administration and Finance capital is \$277,000.