



# FINANCE COMMITTEE REPORT

**Meeting date:** January 14, 2019  
**Department:** Finance Department  
**Prepared by:** Bill Dakin, Director of Finance, Lindsay Laskey, Accounting Manager, Kim Arruda, Financial Analyst and Kerry Maloney, Financial Analyst  
**Reviewed by:** Greg McClinchey, Chief Administrative Officer

**SUBJECT: 2019 Preliminary Consolidated Operating Budget**

**RECOMMENDATION:**

**That the Finance Committee Report dated January 14, 2019 be received and the 2019 Preliminary Consolidated Operating Budget be recommended as presented or as revised at this meeting for inclusion in the 2019 Consolidated Budget.**

**Budget Overview**

As noted in the staff report of January 7<sup>th</sup>, we are continuing as proposed to review and recommend at this meeting:

**2019 Preliminary Operating Budget Summary**

The 2019 Preliminary Operating Budget Summary is provided. Detailed department budgets are available upon request.

Major variances in the 2019 Preliminary Operating Budget compared to 2018 are as follows:

Budget	Variance to 2018
Animal Control	Increase to cover purchases of animal tags and increase the services of livestock valuers.
Council	Increase in remuneration due to federal cancellation of 1/3 income exemption, increase in transfer to reserve for election 2022, and increase to cover anticipated statutory changes.
General Government	Has now been split to three separate departments (1) Finance and Treasury, (2) Legal and Legislative Services, and (3) Human Resources. Overall increase is from approved salary wage increases, the continued Pay Equity study and the addition of the Development charges study. As well through this process we now have all taxation funded departmental training and travel expenses going through HR,

	all Legal expenses going through Legal and Legislative and Engineering expenses will go through Public Works. Some of the increase will be offset by transfer from Water/Wastewater for admin overhead.
Information Technology	Similarly to the professional expenses above all IT expenses will go through IT department.
Municipal Debt	No new debt anticipated. Continue to pay down existing debt. Moved Streetlight debt to general tax levy
Building Inspection	Starting in 2018: added allocations for indirect costs (administration and overhead) \$57,000 permitted by legislation for full cost recovery. Added a shared position with planning
Police Service	No major changes any staffing will be covered through attrition.
Bylaw Enforcement	Full time started in 2018.
Solid Waste	Full cost recovery through fees
Cemetery	Shared full position with horticulture approved in 2018, covered through attrition.
Water	Increased preventative maintenance and added admin overhead from general government.
Wastewater	Increased preventative maintenance and added admin overhead from general government.
Caradoc Housing	Housing agreement concluded.in 2017 now part of municipal budget.
Recreation	Increased day camp revenue & expenses for expanded programs. Two year provincial grant ended in 2018
Community Development	Increased provisions for PTP, project maintenance and engagement. Partially offset with anticipated donations from community partners.
Planning	Addition of municipal planner shared with building department.

Pending review of the 2018 department budgets it is proposed that any unused funds will be placed in department reserves for future use, or used to decrease tax increase. Reserve transfer will be presented to Council for consideration and approval on completion of the 2018 audit.

The 2018 Preliminary Operating Budget as presented reflects a tax levy increase of \$1,255,137 (8.78%) in new taxation.

The capital budget will be reviewed at the Finance Committee meeting January 23<sup>rd</sup> 2019.

### **Community Partnership Fund Requests**

The Community Partnership Fund Requests that total \$64,820 are provided. These requests are incorporated in the Council Operating Budget. The 2019 budget provision of \$38,000 remains the same as 2018.

## Other Information

### Municipal Debt

The total debt payments (principal and interest) in 2019 are \$ \$1,483,533 (2018 \$1,684,506) including payments to principal of \$ \$1,301,355 (2018 \$1,476,180).

At year-end 2019 the outstanding debt will be \$ \$4,466,466 (2018 \$5,774,070). The existing debt will be paid in full by 2026. The 2019 Debt Repayment Schedule is provided.

### Taxation & Grants

- The Ontario Municipal Partnership Fund (OMPF) funding has not been announced yet so we have budgeted for a 15% decrease in keeping with prior years
- Ontario Community Infrastructure Fund (OCIF) formula grant funding is proposed to increase \$303,024 or 53% as previously reported.

### Transfer to Asset Management Plan (AMP) Reserve

Since 2015 Council has directed that the taxation achieved from growth be set aside to deal with the asset replacement gap as noted in the Asset Management Plan. This budget includes a provision of \$230,000 to the Reserve to allocate tax dollars raised from growth.

### Tax Impact on a house assessed at \$200,000

On a house assessed at \$200,000, a 8.78% operating tax levy increase amounts to about an extra \$116.66 on the tax bill for 2019. This does not include any increase in the levy for capital expenditures or county or school board levies.

This impact also does not reflect any change that may occur as a result of phased-in assessment or shifts in assessment for the various classes or any changes that may occur to the tax ratios for 2019.

We experienced approximately a 2% increase in assessment that is allocated to the Asset Management Plan Reserve as noted above.

### Financial Indicator Review

Each year the Ministry of Municipal Affairs and Housing prepares a Financial Indicator Review for municipalities based on the Financial Information Return that summarizes their financial position.

*For 2017, Strathroy-Caradoc achieved very positive scores for sustainability and flexibility to meet its financial and service commitments and debt burden obligations.*

### Future Meetings

January 23, 2018 @ 5:30 pm:

- To review and recommend the 2019 Preliminary Consolidated Capital Budget including Fleet.
- Directors will be present to review and answer any questions regarding capital and fleet.
- To review and recommend any adjustments to the 2019 Preliminary Consolidated Operating Budget since the January 14<sup>th</sup> meeting if necessary and if time permits.
- Decide next steps

### Attachments:

- 2019 Preliminary Operating Budget Summary
- 2019 Community Partnership Fund Requests and Budget
- 2019 Debt Repayment Schedule

**MOSC 2019 Preliminary Operating Budget Summary**

	2018 APPROVED BUDGET	2019 PROPOSED BUDGET	\$ Difference	2018 TAXATION REQUIRED	2019 PROPOSED TAXATION REQUIRED	\$ Difference		2018 NON-TAX REVENUES	2019 PROPOSED NON-TAX REVENUES	Difference	Notes
<b>Corporate Services</b>											
Animal Control	\$ 61,544	62,156	\$ 612	\$60,944	\$61,506	\$562	1%	\$ 600	650	\$ 50	
Council	339,397	326,594	\$ (12,803)	269,397	\$326,594	\$57,197	21%	70,000	0	\$ (70,000)	
Crossing Guards	84,000	84,350	\$ 350	84,000	\$84,350	\$350	0%	-	-	\$ -	
General Government	1,768,504	\$0	\$ (1,768,504)	1,264,053	\$0	(\$1,264,053)	-100%	504,451	-	\$ (504,451)	
Legal and Legislative Services	0	\$673,000	\$ 673,000	0	\$586,925	\$586,925	#DIV/0!				
Human Resources	0	\$353,203	\$ 353,203	0	\$264,550	\$264,550	#DIV/0!				
Treasury	0	\$886,819	\$ 886,819	0	\$643,434	\$643,434	#DIV/0!				
Information Technology	529,650	599,800	\$ 70,150	461,350	\$581,050	\$119,700	26%	68,300	18,750	\$ (49,550)	
Property Management	309,977	316,979	\$ 7,002	124,508	\$104,912	(\$19,596)	-16%	185,469	212,067	\$ 26,598	
Municipal Debt	1,681,884	1,483,535	\$ (198,349)	359,684	\$356,082	(\$3,602)	-1%	1,322,200	1,127,453	\$ (194,747)	
(includes transfer to Future Needs Reserve \$309,380) Taxations & Grants	1,818,203	1,842,055	\$ 23,852	165,334	\$211,119	\$45,785	28%	1,652,869	1,630,936	\$ (21,933)	
<b>Protection of Persons &amp; Property</b>											
Building Inspection	467,167	455,500	\$ (11,667)	-	\$0	\$0	#DIV/0!	467,167	455,500	\$ (11,667)	
Drainage	114,644	113,634	\$ (1,010)	82,644	\$79,634	(\$3,010)	-4%	32,000	34,000	\$ 2,000	
Fire Service	1,438,970	1,510,135	\$ 71,165	1,265,970	\$1,387,235	\$121,265	10%	173,000	122,900	\$ (50,100)	
Police Service	6,184,859	\$ 6,387,363	\$ 202,504	5,387,445	\$5,473,321	\$85,876	2%	797,414	914,042	\$ 116,628	
Bylaw Enforcement (Property Standards)	100,300	77,700	\$ (22,600)	-	\$0	\$0	#DIV/0!	100,300	77,700	\$ (22,600)	
Solid Waste	1,250,600	1,334,300	\$ 83,700	-	\$0	\$0	#DIV/0!	1,250,600	1,334,300	\$ 83,700	
<b>Public Works &amp; Cemetery</b>											
Cemetery	201,575	214,504	\$ 12,929	99,625	\$74,374	(\$25,251)	-25%	101,950	140,130	\$ 38,180	
Roads	2,876,599	3,131,026	\$ 254,427	2,876,599	\$3,091,026	\$214,427	7%	-	40,000	\$ 40,000	
Wastewater Systems	3,019,189	2,963,400	\$ (55,789)	-	\$0	\$0	#DIV/0!	3,019,189	2,963,400	\$ (55,789)	
Water Systems	4,090,960	4,258,700	\$ 167,740	-	\$0	\$0	#DIV/0!	4,090,960	4,258,700	\$ 167,740	
Streetlights	-	-	\$ -	-	\$0	\$0	#DIV/0!	-	-	\$ -	
<b>Social Housing</b>											
Caradoc Housing	122,353	-	\$ (122,353)	-	\$0	\$0	#DIV/0!	122,353	-	\$ (122,353)	
<b>Recreation &amp; Leisure</b>											
Aquatics	311,485	297,135	\$ (14,350)	212,485	\$201,135	(\$11,350)	-5%	99,000	96,000	\$ (3,000)	
Arena	1,257,358	1,345,419	\$ 88,061	505,498	\$586,059	\$80,561	16%	751,860	759,360	\$ 7,500	
Caradoc Community Centre	69,100	62,979	\$ (6,121)	42,100	\$42,979	\$879	2%	27,000	20,000	\$ (7,000)	
Recreation	215,685	438,870	\$ 223,185	122,185	\$283,370	\$161,185	132%	93,500	155,500	\$ 62,000	
Library Operations	175,123	175,123	\$ 0	-	\$0	\$0	#DIV/0!	175,123	175,123	\$ 0	
Museum Operations	140,129	146,886	\$ 6,757	123,241	\$130,798	\$7,557	6%	16,888	16,088	\$ (800)	
Parks Operations	521,912	605,000	\$ 83,088	475,412	\$553,500	\$78,088	16%	46,500	51,500	\$ 5,000	
Scout Hall	6,000	6,000	\$ -	2,150	\$2,000	(\$150)	-7%	3,850	4,000	\$ 150	
<b>Planning &amp; Development</b>											
Economic Development	102,000	111,000	\$ 9,000	102,000	111,000	\$9,000	9%	-	-	\$ -	
Community Development	131,500	141,500	\$ 10,000	99,000	141,500	\$42,500	43%	32,500	-	\$ (32,500)	
Planning Operations	89,952	151,660	\$ 61,708	9,852	\$72,160	\$62,308	632%	80,100	79,500	\$ (600)	
Hospital	100,000	100,000	\$ -	100,000	\$100,000	\$0	0%	-	-	\$ -	
<b>Total</b>	<b>\$ 29,580,619</b>	<b>\$ 30,656,326</b>	<b>\$ 1,075,707</b>	<b>\$ 14,295,476</b>	<b>\$ 15,550,613</b>	<b>\$ 1,255,137</b>	<b>8.78%</b>	<b>\$ 15,285,143</b>	<b>\$ 14,687,600</b>	<b>\$ - 597,543</b>	

**Detailed Operating Budgets Available on Request**

Total Tax Levy	
Increase =	8.37%
Operating Tax Levy	
Increase =	8.78%
1% Total Tax Levy	
increase =	\$150,000
1% Operating Tax Levy	
increase =	\$140,000

**Community Partnership Fund Requests 2019**

	Organization	Contact	2016	2017	2017	2018	2018	2019 Requested	Notes
			Approved	Requested	Approved	Requested	Approved		
1	The Art Group Strathroy-Caradoc	Janet DeAngelis/Patti Keele	\$ 2,000.00			\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	2019 Community Art Events
2	Strathroy & District Chamber of Commerce	Don Green	N/A	\$ 6,000.00	\$ 2,000.00	\$ 2,500.00	\$ 2,200.00	\$ 2,200.00	Spring Home Show and Family Fun Expo (formerly Home and Leisure Show)
3	Strathroy & District Chamber of Commerce					NRR			
4	Strathroy Community Christian School	Hubert Krygsmen	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00		
5	Fridge Door Live Theatre Company	Len Cuthbert				\$ 1,000.00	\$ 1,000.00		
6	Strathroy Hometown Festival - 41st Annual Turkey Fest	Chris Soares	150000 (10K+5K)	\$ 12,500.00	\$ 12,500.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	Hometown festival 2019
7	The Strathroy Lions Club	Bev McGuire	\$ 812.00	\$ 812.00	\$ 812.00	\$ 820.00	\$ 820.00		
8	Melbourne Agricultural Society	Rachel McRobert	\$ 5,000.00	\$ 6,000.00	\$ 5,000.00	\$ 6,000.00	\$ 5,000.00	\$ 10,000.00	2019 Funding for Melbourne Agricultural Society
9	Multiple Sclerosis Society of Canada	Sabrina Poirier				\$ 300.00	\$ 300.00	\$ 300.00	West Middlesex Memorial Arena Gym rental
10	Councils Annual Donations (See list below)	Ruth Alcaindino	\$ 2,735.00	\$ 2,735.00	\$ 2,735.00	\$ 4,535.00	\$ 3,535.00		See list Below
11	Strathroy-Caradoc 150th Firework Committee	Shannon Churchill	N/A	\$ 10,000.00	\$ 5,000.00	NRR			
12	Hope Community Christian Reformed Church	Pat Greenway	N/A	\$ 108.00	\$ 108.00	NRR		Discount hall rental	Annual Community Event 1st Saturday in December every year
13	1st Strathroy Scouting	Ken Dunsmore	N/A	\$ 1,000.00	\$ 1,000.00	NRR			
14	Mt Brydges Lions Club	Tony Bruinink	N/A	\$ 216.00	\$ 216.00	NRR			
15	Mount Brydges Lions Club	Jerry Veale				NRR			
16	Mount Brydges Business Association	Amiee Bloemendal				NRR		\$ 500.00	Community events and celebrations
17	Melbourne Community Hall (Sold Hall in 2017)					NRR			
18	Strathroy District Arts Council	Diane McGuire						\$ 2,000.00	Strathroy Street Art
19	Chiros Care	Tyler Damen	\$ -	\$ -	\$ -	\$ -	\$ -	Friday - Sunday Gemini Arena	Casino Strathroyal - Arena Rental
20	School to Community Pathways Program	Christina Ferreira, Bernice C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00	Holy Cross Secondary School
21	CMHA Middlesex - Strathroy Site	Lorraine Schatzler/ Jaquelin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000.00	Accessibility renovations
22	Strathroy-Caradoc Dog-Owners Association	Don Guest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	Liability insurance
23	Women's Rural Resource Centre	Cara Campbell	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,319.71	New WRRRC Crisis Shelter Flooring
24	Caradoc Sands Golf Club	Denton Hackney	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00	Canada Day fireworks + fundraiser
			\$ 26,547	\$ 42,371	\$ 32,371	\$ 36,155	\$ 33,855	\$ 64,820	

**Councils Annual Donations**

Del-Ko-Brydges - Canada Day	Aimee Bloemendal	\$ 500	\$ 500	\$ 500	\$ 2,300	1300 (500+800)	\$ 500	Del-Ko Brydges Canada Day celebrations 2019
MOSC Misc donations	Ruth Alcaindino	\$ 735	\$ 735	\$ 735	\$ 735	\$ 735	\$ 735	Various Donations like wreaths, school awards,etc.
Mt. Brydges Firefighters Assoc. Santa Claus Parade	M. Stephenson	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	Candy/giveaways
Strathroy Lion's Club	R. Dack	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	Support annual parade

**Notes:**

There is \$38,000 currently in the 2018 operation budget to cover donations through the Community Partnership Fund.

AS per motion, remainder of budgetted balance will be put into reserve and used for requests throughout the year.

NRR=No request received.

**2019 DEBT REPAYMENT SCHEDULE**

Date: December 18, 2018  
 Prepared By: K. Maloney

Project	Bylaw No.	Due Date	Interest Rate	Expires	Estimated	2019	2019	2019	Estimated	Original	Cost
					Principal O/S	Principal	Interest	Total	Principal O/S	Loan Amount	Recovery
Library/Museum Renovations (MC)	44-11	Jun/Dec	0%	2019	55,865	55,865	-	55,865	0	893,833	Development Charges
Mount Brydges Wastewater Project (MC)	9-12	Apr/Oct	0%	2020	393,750	262,500	-	262,500	131,250	2,100,000	Dev. Charges \$82,500/Benefitting property owners \$180,000
Joint School Board Servicing (DC)	55-09	Jan	0%	2019	161,037	161,037	-	161,037	0	1,610,487	Development Charges
Mount Brydges roadwork (MOSC)	45-12	Dec	0%	2019	20,000	20,000	-	20,000	-	160,000	Taxation
Strathroy Station Pumper Replacement (OPIC)	91-13	Jun/Dec	3.11%	2023	174,537	34,907	5,143	40,050	139,630	349,073	Taxation
Melbourne Station Tanker Replacement (OPIC)	91-13	Jun/Dec	3.11%	2023	64,130	12,826	1,890	14,716	51,304	128,260	Taxation
Roof-top Solar Project (OPIC)	91-13	Jun/Dec	3.11%	2023	220,847	44,169	6,507	50,676	176,678	441,693	Solar income
Mount Brydges & Area Water System (CMHC)	14-11	Mar	3.54%	2021	122,468	39,411	4,335	43,746	83,057	363,088	Water rates
Mount Brydges Sewer Project (CMHC)	14-11	Mar	3.54%	2021	181,097	58,278	6,411	64,689	122,819	536,912	Development Charges
Mount Brydges Sanitary Sewer (CMHC)	15-11	Mar	3.92%	2026	1,631,238	177,540	63,945	241,485	1,453,698	2,700,000	Development Charges
West Middlesex Memorial Centre (OPIC)	25-11	May/Nov	4.38%	2026	1,741,594	200,843	74,106	274,949	1,540,751	3,000,000	Dev. Charges 90% \$247,455; Taxation 10% \$27,494
LED Streetlight Project (CMHC)	38-16	Jun/Dec	1.50%	2021	376,794	150,718	5,899	156,617	226,076	753,589	Taxation
Aerial Fire Apparatus (CMHC)	37-16	Jun/Dec	2.30%	2026	624,464	83,262	13,943	97,205	541,202	832,619	Taxation
<b>TOTALS</b>					<b>\$ 5,767,821</b>	<b>\$ 1,301,355</b>	<b>\$ 182,178</b>	<b>\$ 1,483,533</b>	<b>\$ 4,466,466</b>	<b>\$ 13,869,554</b>	