



2022 DRAFT OPERATING AND CAPITAL BUDGETS AND FORECASTS

GENERAL/FINANCE COMMITTEE PRESENTATION
NOVEMBER 3/4, 2021

Agenda

- Process and Guidelines
- Themes and Assumptions
- Impact on tax rates
- Financials – Operating and Capital
- New Initiatives (A-la-Carte)
- Public Engagement
- Next Steps

Legislative Requirement

- Municipal Act requires that the budget be balanced
 - For a multi-year budget, the requirement to balance applies to the first year
 - Subsequent years are reviewed and updated annually for approval
- Budget presentation is a 3-year operating budget and forecast and 10-year capital budget and forecast

Budget Guidelines

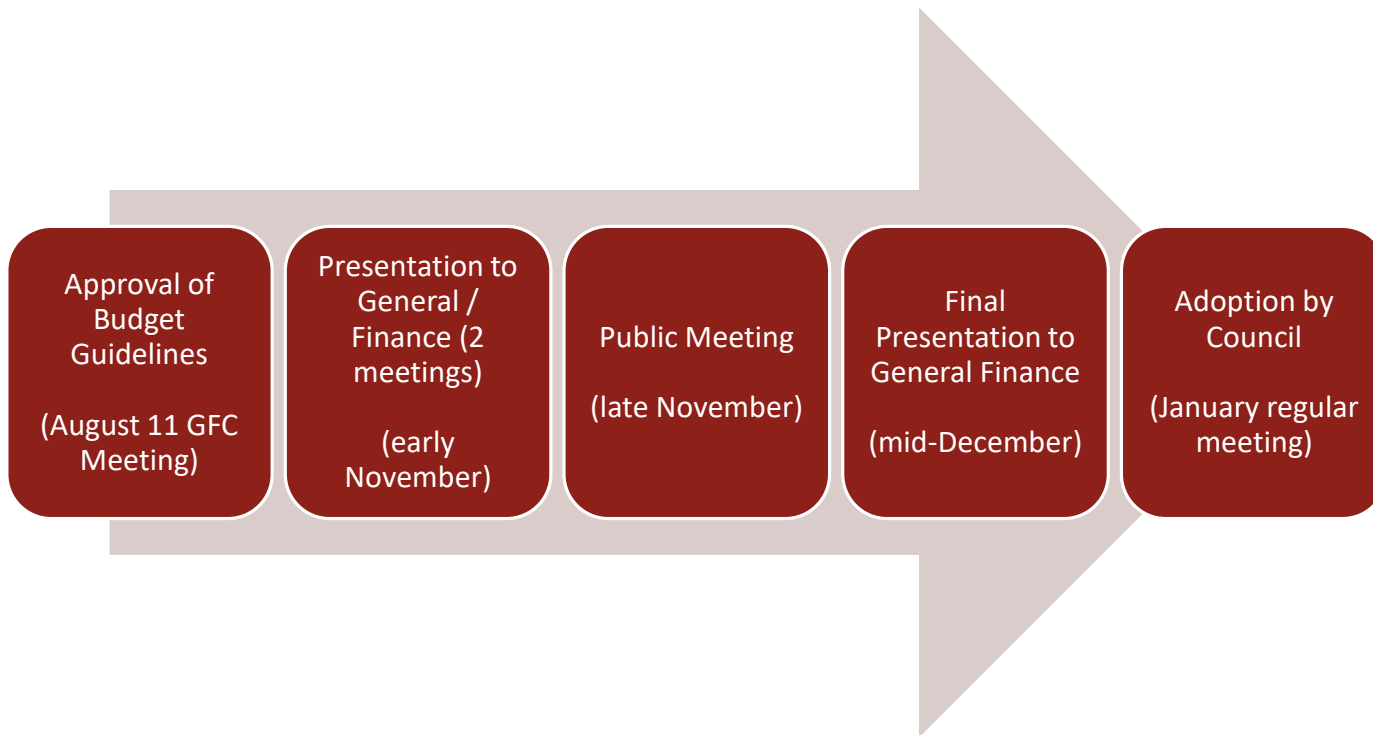
- Presented to General/Finance Committee in August (endorsed by Council in September)
- 5% increase over 2021 net levy - \$630,000
 - 1.5% increase in net operating expenses (\$190,000)
 - 3.5% increase in contributions to reserves (\$440,000)
- Last year, the 2.43% increase reflected a 1.3% increase in operating expense (net of COVID grants) and a 1.1% increase in contributions to reserves

2021 Budget – Lessons Learned

- Meetings held with members of Council and stakeholder groups
- Improvements noted for 2022:
 - Opportunities for public engagement
 - Enhanced communications
 - Improve reporting
 - Better use of actuals to establish budget requests

Key Timelines

The approval of the 2022 Budget is planned for the regular meeting of Council in January



Report Changes in 2022

- Operating
 - Revenues, expenses listed by category (defined in report)
 - Reserve impacts shown separate from operating activities
 - Rounding
- Capital
 - Grouping of capital projects by asset type (e.g. vehicles, buildings)
 - Projects listed by name
- Inclusion of Summary Reserve reports
 - Contributions, Interest and Requirements

Themes and Assumptions

- Budget Guiding Principles Policy (C-FS-01)
 - Responsible
 - Sustainable
 - Strategic
 - Accountable
- Prudent assumptions
 - Forecasted results to December 31
 - Alignment with policies
 - Currently available information

Linking to Strategic Plan Objectives

- Focusing on goals, values
- Divisions have identified achievements, priorities for 2022
- Prioritize allocation of human and financial resources to achieving these objectives

Project Overview

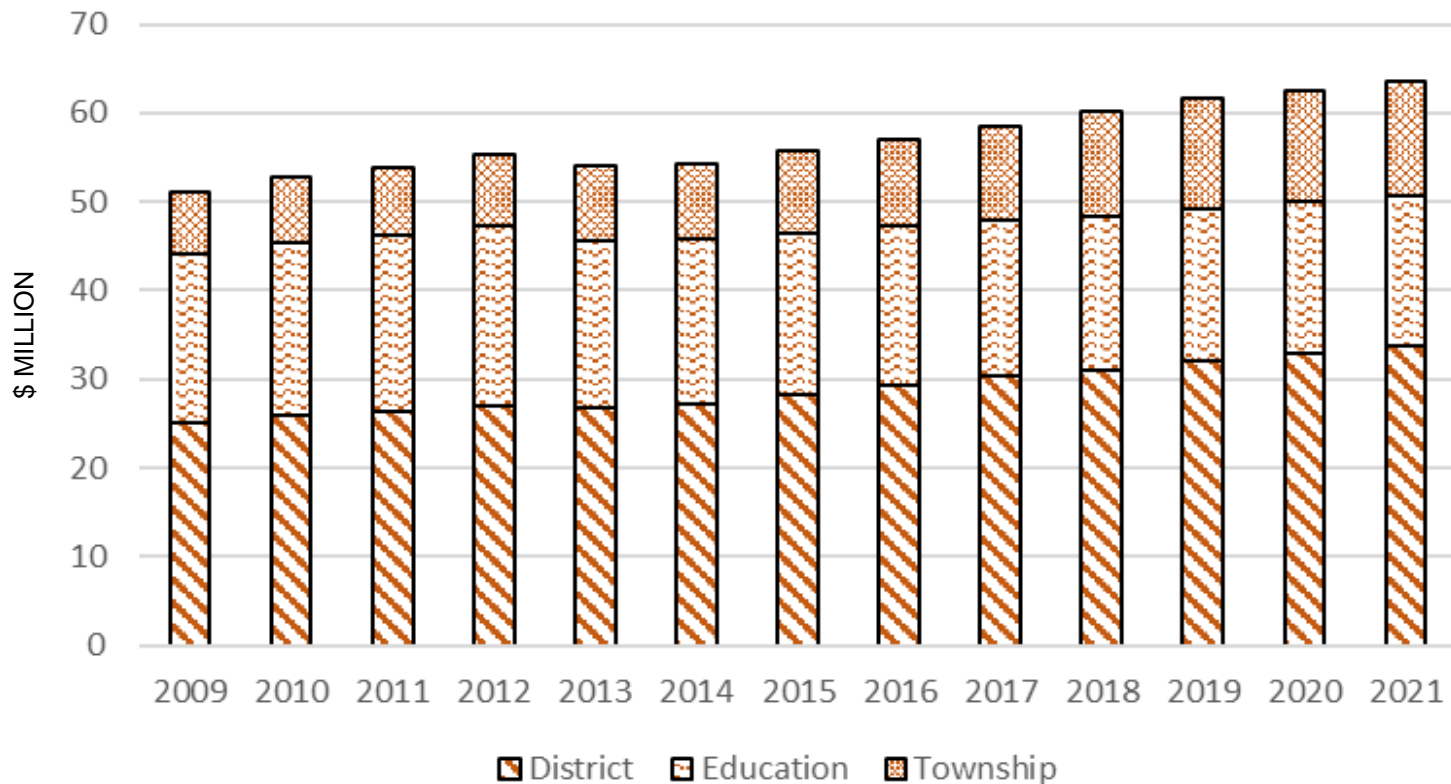
DEPARTMENT	DAY TO DAY	2021 PROJECTS		2022 PROJECTS
Legislative Services	<ul style="list-style-type: none"> • CAO • Clerks • Communications • IT • HR 	<ul style="list-style-type: none"> • District Services Review • New Collective Agreement with Union • Internet & Telephone Voting System • M-files Project • Projection Displays 	<ul style="list-style-type: none"> • Delegations with Provincial Ministers • Indigenous Leaders Information Table • Covid-19 Reopening Framework • Insurance Review • Department Restructuring 	<ul style="list-style-type: none"> • Conduct 2022 Election • Delegation of Authority Policy • Complete M-Files • Complete AODA Compliance
Development Services	<ul style="list-style-type: none"> • Building • Planning • By-law • Ec. Dev 	<ul style="list-style-type: none"> • Official Plan Review • Minett OPA • Zoning Update: Accessory Buildings on the Waterfront • Zoning Update: Legal Non-Complying Provisions • Community Improvement Plans • Hike the Lakes Contest • Fireworks By-law Review • Storage Container Review 	<ul style="list-style-type: none"> • Event Permit By-law • Public Art Policy • Regional Broadband Strategy • Muskoka Lakes Winter Fun/Downtown Lights • Street Banner Policy Update • Municipal Grants Policy Update • Retail Cannabis Review • Municipal Accommodation Tax Review 	<ul style="list-style-type: none"> • E-Permitting • Septic Re-inspection Program Review • Climate Action Plan • Cell Tower Policy • By-law Enforcement Policy • CIP Business Incentive Program/Public Realm Implementation
Public Works	<ul style="list-style-type: none"> • Roads & Bridges • Arenas • Parks/Beaches • Community Centres • Trails • Cemeteries • Docks • Swimming 	<ul style="list-style-type: none"> • Bala Falls Bridge Environment Assessment • Burgess Dam Environmental Assessment • Parks & Recreation Master Plan • Core Infrastructure Asset Management Plan • Baycliffe and Portage Docks • Major Trail Upgrades 	<ul style="list-style-type: none"> • HVAC upgrades in select Community Centres • Chiller Replacement Bala Arena • Replacement of the Milford Bay Road Bridge • Moon River Dock Replacement • Space Optimization Study • Marina Road Review • Automatic sand/salt spreader 	<ul style="list-style-type: none"> • Transportation Master Plan • Implement Space Optimization Study • Complete Parks and Trails Master Plan • Roads Needs Study • Parks/Trails Upgrades
Financial Services	<ul style="list-style-type: none"> • Budget • Property Taxes • Accounts Payable/Receivable 	<ul style="list-style-type: none"> • Information Technology Strategic Plan • Capital Financial Plan 	<ul style="list-style-type: none"> • Cityworks Management System Upgrade • Begin to develop SMART key performance indicators 	<ul style="list-style-type: none"> • Update Accounting Software • Implement IT Strategic Plan
Emergency Services	<ul style="list-style-type: none"> • Emergency Planning • Fire and Life Safety • Public Education • Inspections 	<ul style="list-style-type: none"> • Voyent Alert – Emergency System • Fire Dispatch upgrades to equipment to accommodate enhanced 911 service 	<ul style="list-style-type: none"> • Replace Pumper 1 Glen Orchard • Replace Water Rescue Boat Port Carling 	<ul style="list-style-type: none"> • Fire Master Plan • Increased Training and Education • Green Initiatives Review

Impacts of COVID-19

- Ontario's plan to exit Phase 3 currently slated for end of March 22
- Funding provided to offset incremental operating costs still available for use in 2022
 - Expecting some on-going expenses related to enhanced cleaning in facilities as activities restart to impact 2022

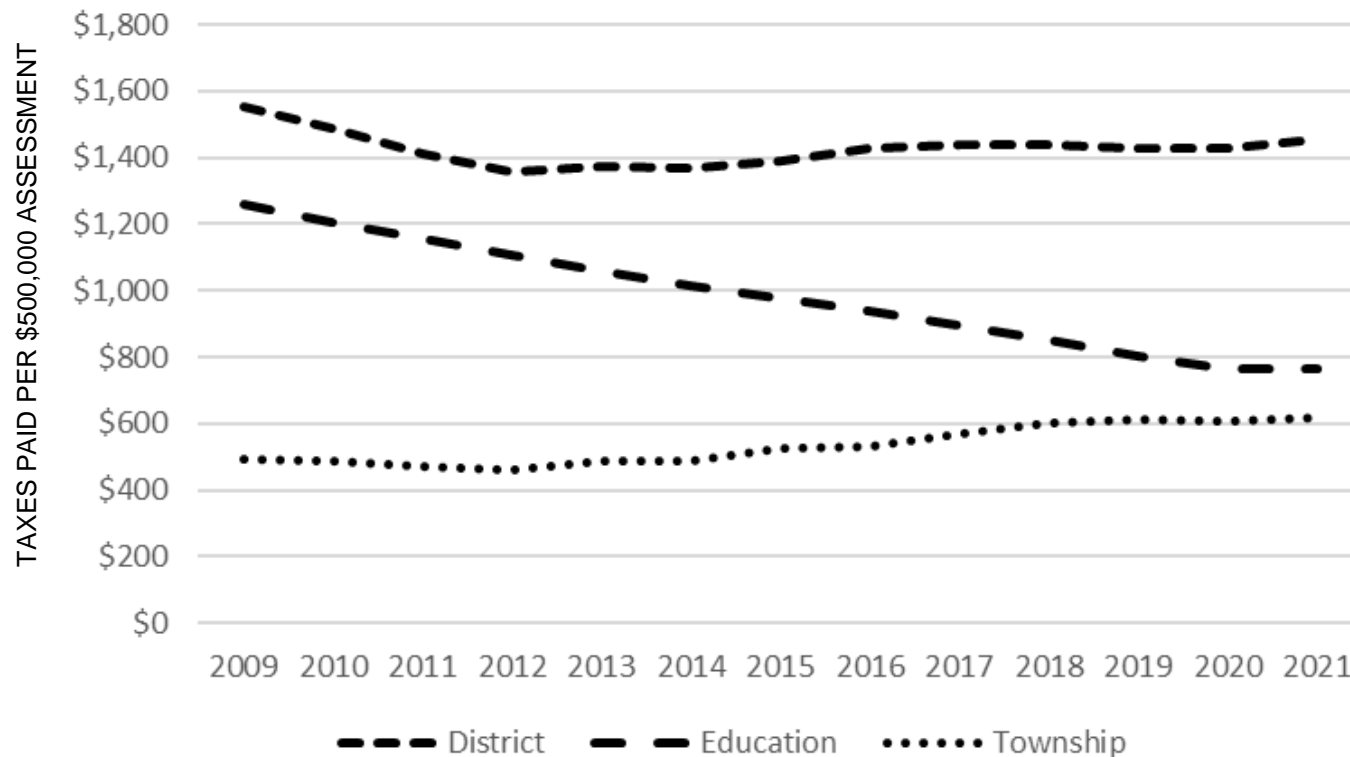
Property Tax Levy

The Township's share of taxes collected is roughly 20%; balance for District and School Board



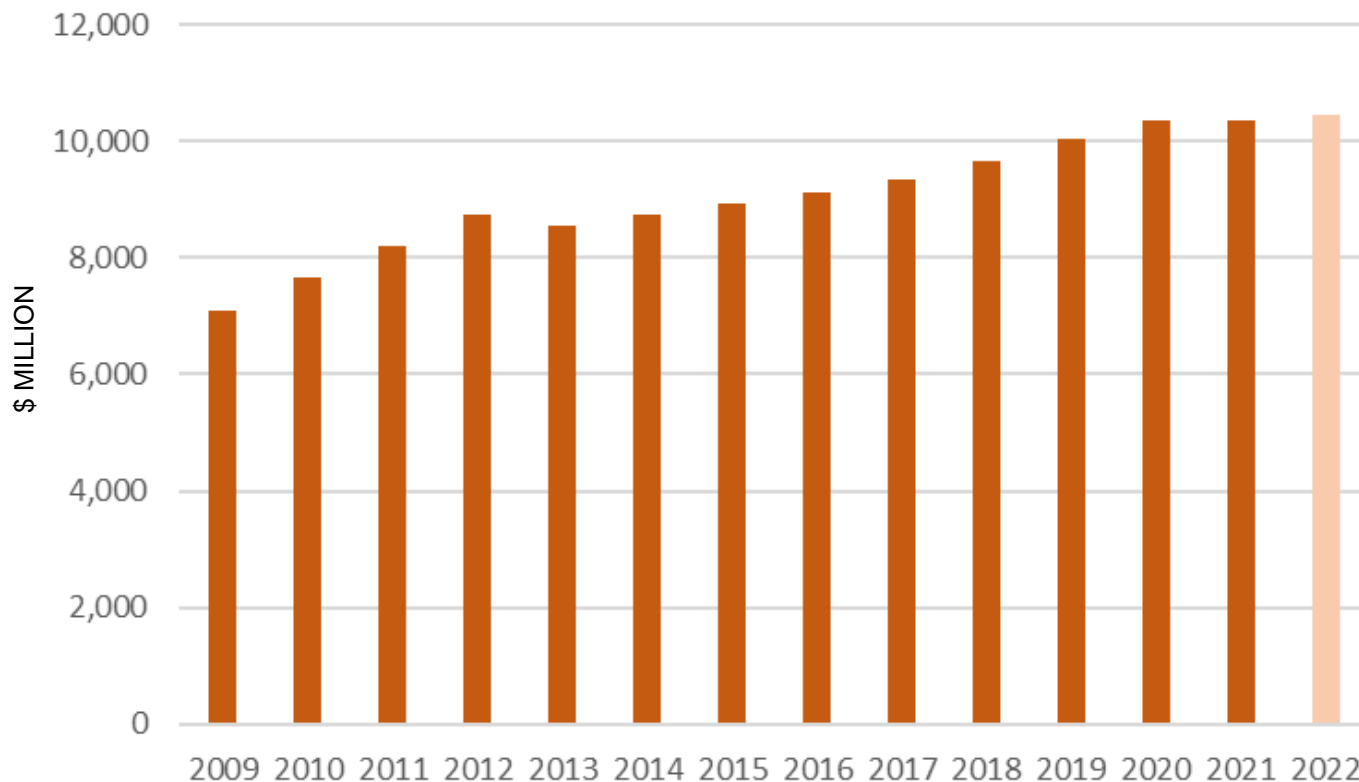
Historical Tax Rates

Township tax rates have increased by an average of 2% per year over the past decade



Assessment values

Municipal property assessment has levelled off in the past two years due to MPAC delays



Consolidated Operating Budget

The Draft Operating Budget and Forecast is **proposing a 4.98% increase over 2021**, following by a projection of 9.4% and 3.6% in 2023 and 2024 respectively

	Budget	Budget	Outlook	Outlook
	2021	2022	2023	2024
Other tax revenue	(831,495)	(851,500)	(917,400)	(978,400)
Non tax revenue	(3,505,675)	(3,691,400)	(3,704,100)	(3,827,700)
Revenues	(4,337,170)	(4,542,900)	(4,621,500)	(4,806,100)
Operating Expenditures	13,781,268	13,964,200	14,594,600	15,028,000
Net Operating Expense (excl reserves)	9,444,098	9,421,300	9,973,100	10,221,900
Transfers from reserves	(419,000)	(210,000)	(15,000)	0
Net Operating Expense (incl reserves)	9,025,098	9,211,300	9,958,100	10,221,900
Transfers to reserves	3,558,990	4,000,000	4,496,900	4,755,500
NET LEVY REQUIREMENT	12,584,088	13,211,300	14,455,000	14,977,400
LEVY INCREASE (%)	2.43%	4.98%	9.41%	3.61%

Key Highlights

- Current service levels maintained
 - 2021 services at 2022 prices
 - No increase in net expense (excluding impact of reserves)
- 10-year Capital Expenditure unchanged
 - Completion and implementation of service master plans
- Contribution to reserves of \$4.0 million
 - increasing demand on levy to fund capital at current levels
 - No assumptions for debt financing

2022 Total Revenues

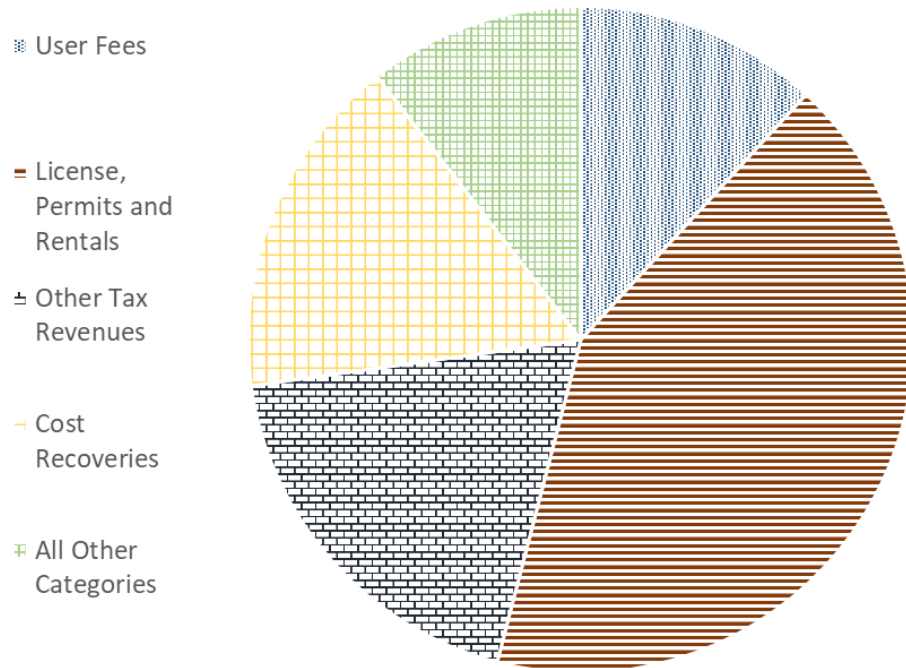
- Revenues up \$205,730 (4.74%) over 2021 Budget
 - Facility operation expected to return to normal in 2022
 - Fee increases approved earlier in the year
 - Increased development activity expected to continue
 - Continued lower interest rate will impact revenues

2022 Total Expenditures

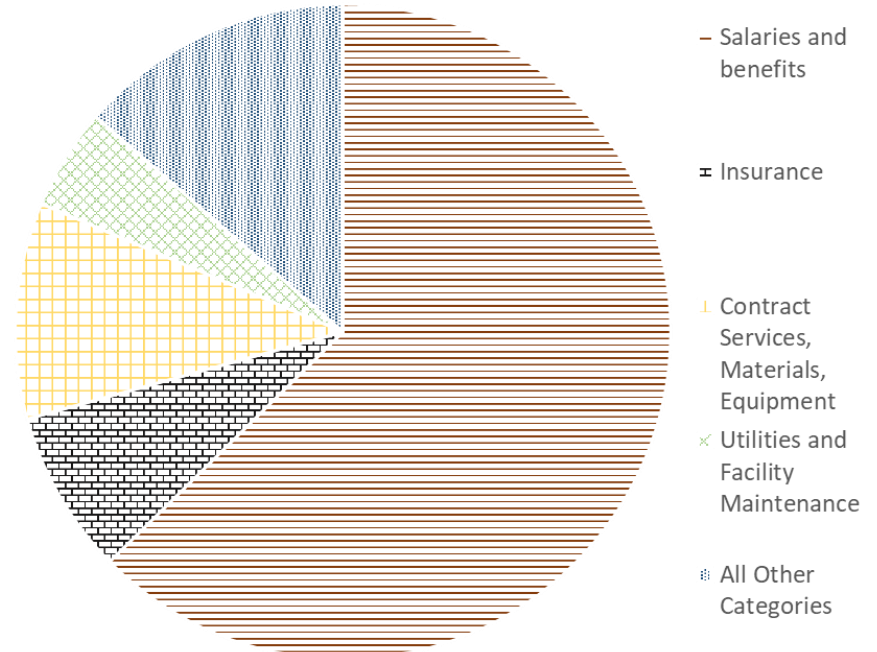
- Expenses up \$182,932 (1.33%) over 2021 Budget
 - Salaries increased by 4.6%
 - Represents 62.6% of operating expenses (before Contributions to Reserves)
 - Full year for 2021 approved positions (pro-rated in 2021)
 - New OPSEU collective agreement
 - August CPI – 4% (per policy) for non-union positions
 - Includes assumptions for position vacancies
 - Insurance increasing by 16.3%
 - No expected changes in market conditions
 - Other expenses lower by 8.1%
 - Bringing budgeted expenditures in line with actual

Sources and Uses

Revenues



Expenses



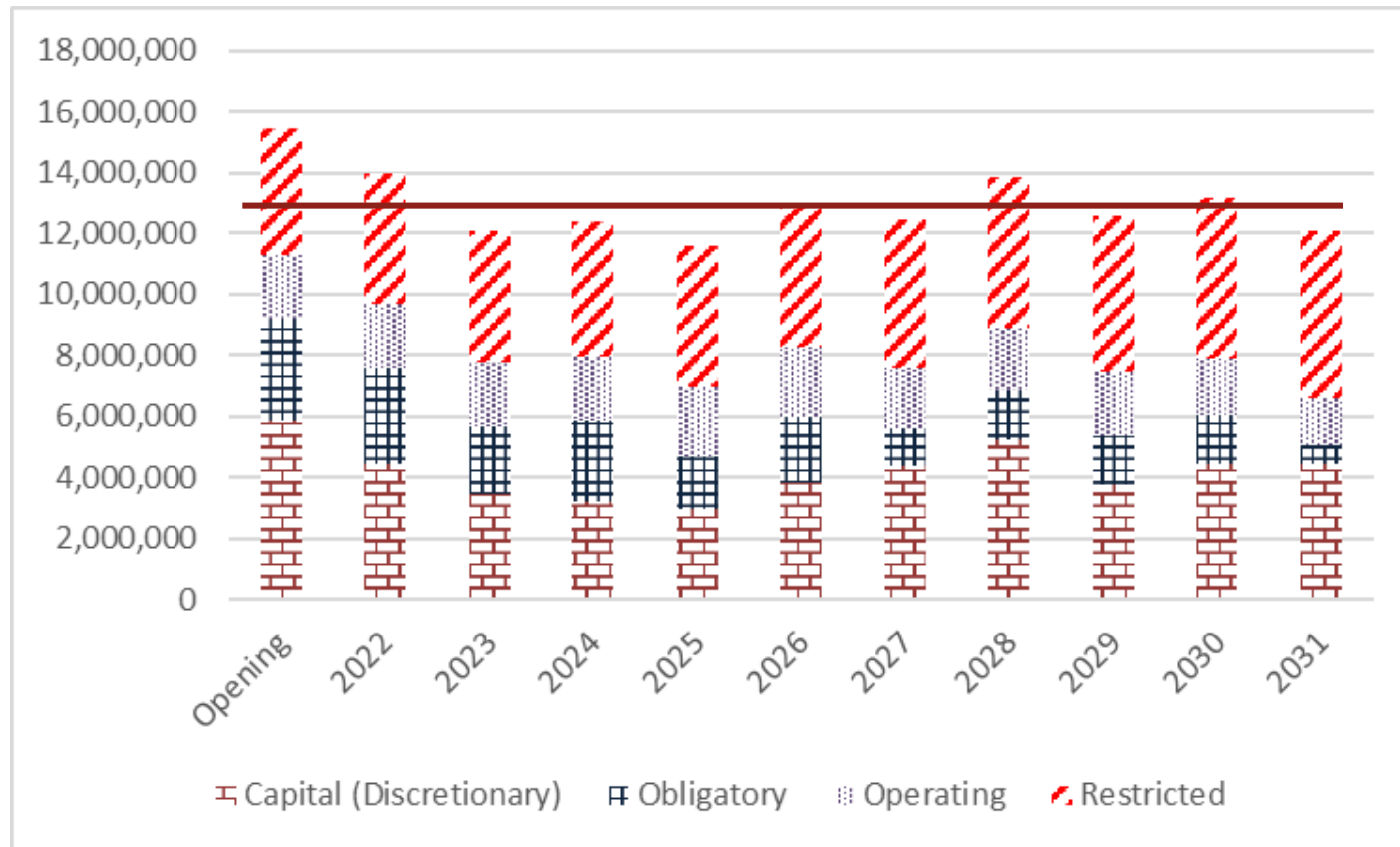
Consolidated Capital Budget

The Draft Capital Budget and Forecast shows expenditures of \$77M from 2022 to 2031



Reserves

Closing balances for reserves are forecasted to remaining constant with the assumed increased in contributions to reserves from the levy for the current capital forecast



“A-la-Carte” / New Initiatives

- 8 proposals for consideration
 - 6 new positions
 - 2 new full time
 - Transition 1 part-time to full-time
 - 2 contract
 - 1 seasonal
 - Additional contributions to reserves
- New/increased requests for funding from grant recipients not included as part of “base budget” relative to 2021 approvals

Public Engagement

- Budget engagement page opened after August General/Finance meeting for 8 weeks (closed October 8)
 - Comments/suggestions received and circulated
 - Muskoka Ratepayers' Association letter received directly
- Building upon feedback received from prior year and suggestions

Next Steps

- Direction from General/Finance Committee
 - Base operating budget
 - À-la-carte items
- Public meeting – **November 23** (Special Council Meeting)
- Present Recommended Draft Operating and Capital Budget to General/Finance Committee – **December 3**
- Approval by Council of endorsed Draft from Committee – **January 10**