

THE CORPORATION OF THE TOWNSHIP OF HORTON

Public Budget Meeting

Via Zoom
May 26th, 2020
6:00 p.m.

1. Call to Order
2. Council Member Roll Call
3. Confirmation of Public Meeting Agenda
4. Declaration of Pecuniary Interest
5. Purpose of Public Meeting – CAO/Clerk
6. CAO/Clerk’s Report on Notice
7. Delegations - None
8. Staff Reports – 2020 Budget Presentation – CAO/Clerk
9. Staff Report – PSAB Budget Report - Treasurer
10. Council Members Questions/Concerns
11. Public Questions/Concerns
– No members of the Public reached by the prescribed deadline to take part in the Public Meeting
12. Recommendations:
THAT the Recommendations be forwarded to the Special Council Meeting immediately after the May 26th Public Meeting for adoption of the 2020 Budget.
13. Adjournment

PG.2

PG.16

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2020 BUDGET

TOWNSHIP OF HORTON
PUBLIC MEETING – MAY 26, 2020
6:00 PM – VIA ZOOM MEETING

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THE BUDGET PROCESS

- ❖ MANAGERS PROVIDED DEPARTMENTAL BUDGET REQUEST WORKSHEETS
- ❖ COMMITTEES REVIEWED LINE-BY-LINE AND AMENDED ACCORDINGLY
- ❖ REVISED WORKSHEETS WERE CONSOLIDATED AND DEPARTMENTAL SUMMARY CREATED
- ❖ CONSENSUS WAS A TAX LEVY INCREASE OF NO MORE THAN 2% AFTER GROWTH



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THE BUDGET PROCESS

- ❖ THERE WAS COUNCIL CONSENSUS TO GO WITH A TAX LEVY INCREASE OF 2% AFTER GROWTH.

- ❖ COUNCIL WAS PRESENTED WITH THE FOLLOWING REPORTS
 - ❖ The 2020 Departmental Summary
 - ❖ Capital Worksheet
 - ❖ 10 Year Capital Forecasting
 - ❖ Reserves Schedule and 10 Year Reserves and Reserves Funds Forecast
 - ❖ Long Term Forecast

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2020 FUNDING

- ❖ ONTARIO MUNICIPAL PARTNERSHIP FUND (OMPF) - \$232,500
- ❖ GAS TAX - \$87,851
- ❖ Modernization Funds - \$411,443
- ❖ OCIF - \$85,090

*These funding sources come from Provincial and Federal Governments and is utilized for capital projects, modernizing service delivery etc. Various funds have been allocated in the 2020 Operating and Capital budget.

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ASSET MANAGEMENT AND LONG-TERM⁶ FINANCIAL STRATEGIES

- ❖ Our Asset Management Plan is one of the financial tools used to guide the municipal decision-making process. The Township has undertaken a Roads Needs Study in 2017 and updated the Asset Management Plan.
- ❖ Staff and Council review the 10-year Capital Forecast and continues to amend the forecast and utilize this information for the purpose of the Asset Management Plan, Long-Term Financial Strategies and the Development Charges Study. This is a living document and Staff will continue to review and amend on an annual basis.

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10 YEAR CAPITAL FORECAST

2020-2029

<i>Draft for 2020 Budget Deliberations</i>	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenues										
Municipal Tax Base	53,044	84,053	28,770	36,276	57,070	16,491	31,385	61,755	16,111	58,082
Gas Tax Reserve	226,549	91,562	91,562	95,543	95,543	95,543	95,543	95,543	95,543	95,543
Transfer from Reserves	672,733	199,976	161,925	224,475	407,305	439,605	543,355	372,360	174,225	350,000
Transfer from Lot Dev.	2,076	24,500	91,825	5,500						
Fundraising										
Provincial/Federal Funding (OCIF)	85,090	85,090	85,090	85,090	85,090	85,090	85,090	85,090	85,090	85,090
Total Revenues	1,039,492	485,181	459,172	446,884	645,008	636,729	755,373	614,748	370,969	588,715
Expenditures										
Unfunded Balance Forward	126,508	91,934	706,200	1,750,484	2,138,700	2,095,477	2,199,448	1,850,575	1,941,027	1,877,558
Gen Govt	131,127	56,727	20,063	7,000	0	35,000	0	16,200	10,000	10,000
Fire	16,500	230,000	44,000	100,000	74,100	98,500	1,000	1,000	0	0
Roads	805,291	637,720	1,108,893	589,100	497,685	605,200	400,500	552,000	271,500	409,500
Landfill	0	10,000	0	0	20,000	2,000	0	0	0	0
Recreation	52,000	165,000	325,500	139,000	5,000	0	5,000	136,000	26,000	7,000
Health Services										
Planning & Building	0	0	5,000	0	5,000	0	0	0	0	0
Total Expenditures	1,004,918	1,099,447	1,503,456	835,100	601,785	740,700	406,500	705,200	307,500	426,500
Debtenture										
Balance Unfunded	-91,934	-706,200	-1,750,484	-2,138,700	-2,095,477	-2,199,448	-1,850,575	-1,941,027	-1,877,558	-1,715,343

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2020 HIGHLIGHTS

- ❖ Three-year Curbside Recycling Contract
- ❖ Allocated funds for potential Service Agreement with the Town of Renfrew's Public Library
- ❖ Replacement of Computers in the Office
- ❖ Decrease in OPP Billing
- ❖ New iCity software to replace Asyst in the Office
- ❖ Tandem Axle Truck and Plow to replace Truck #4
- ❖ Tablets and software for the Fire Department
- ❖ Proposal of 5-year Recreation Agreement with the Town of Renfrew – Increased amount for 2020
- ❖ Replacement of Roof on Sand-Dome

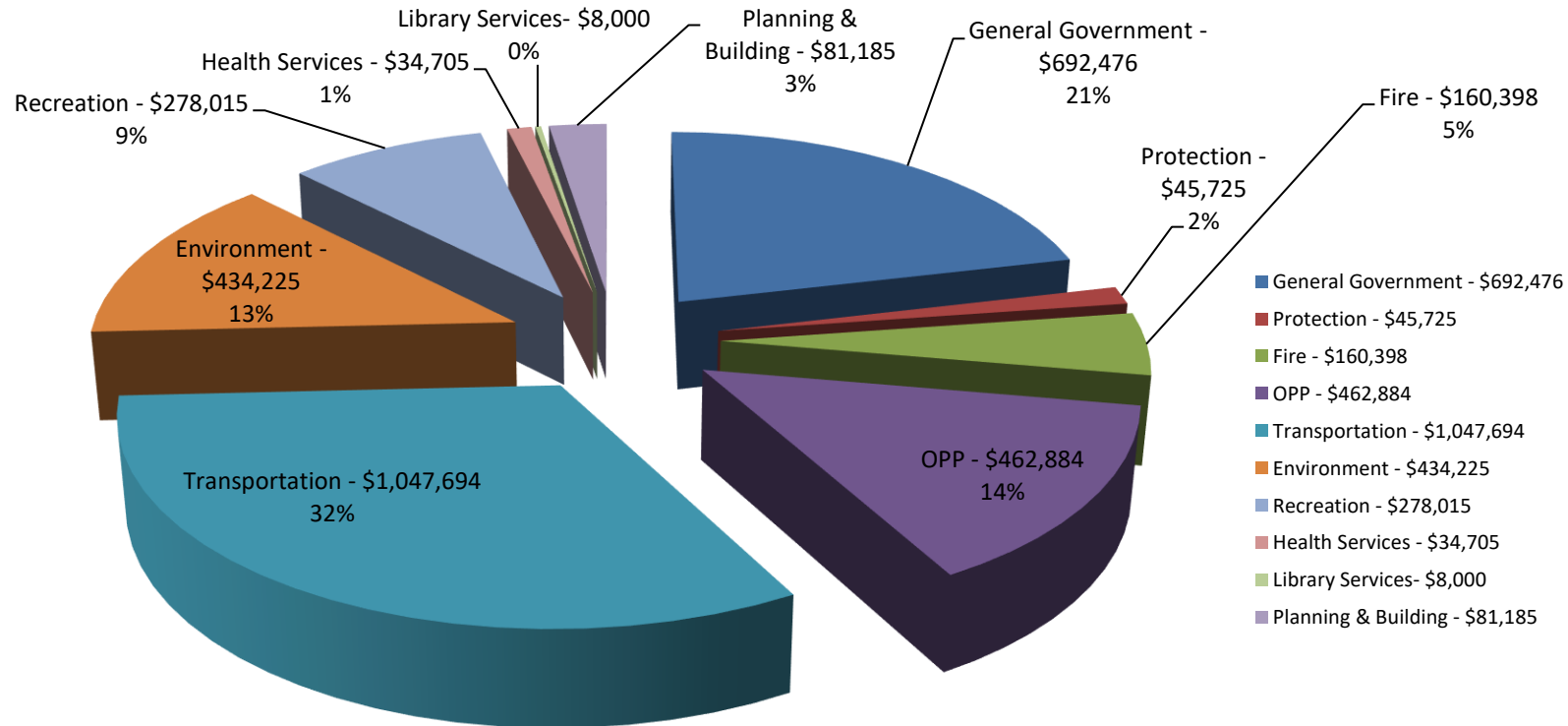
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TOWNSHIP OF HORTON						
#4 - 2020 BUDGET SUMMARY - FOR PUBLIC BUDGET MEETING						
May 26th, 2020						
	<u>2017</u> <u>BUDGET</u>	<u>2018</u> <u>BUDGET</u>	<u>2019</u> <u>BUDGET</u>	<u>2020</u> <u>PROPOSED</u>	<u>%</u> <u>Variance</u> <u>over 2019</u>	<u>Value</u> <u>Variance</u> <u>over 2019</u>
GENERAL GOV'T	-1,845,921	-1,921,710	-2,026,615	-2,084,428	2.9%	-57,813
<i>Notes: Includes Growth Est of \$22,965 and 2% Levy Increase \$47,228</i>						
<i>Capital - Computers for Office, Server and Taxation Software, Document Scanning - all from Reserves</i>						
<i>Increase in Government Audit \$30,000</i>						
PROTECTION	476,390	482,174	497,516	481,109	-3.3%	-16,407
<i>Note: OPP Billing Decrease is \$13,585</i>						
TRANSPORTATION	833,296	885,667	971,512	1,004,857	3.4%	33,345
<i>Notes: Includes municipal share of Thompsonhill project - dependent upon funding</i>						
<i>Truck #4 Replacement - \$300,000 from Reserves, Sand Dome \$60,446 Roof Replacement from Reserves</i>						
<i>Slight increase in utilities - anticipating rate increases</i>						
ENVIRONMENT	218,651	221,079	217,974	231,004	6.0%	13,030
<i>Substantial Increase due to curbside recycling - difference offset by Environment Reserve</i>						
RECREATION	150,097	161,584	162,728	178,455	9.7%	15,727
<i>Notes: Includes increased amount for 5 year Rec Agreement with the Town of Renfrew</i>						
<i>Capital - Regrouting work, Tables and Chairs, New Fridge for Bar - all from Reserves</i>						
<i>Replacement of Rink Boards - ongoing project</i>						
HEALTH SERVICES	32,537	33,366	33,837	34,705	2.6%	868
LIBRARY				8,000	100.0%	8,000
<i>Note: Proposed new budget line item - potential agreement with Town OR reimburse full library fees</i>						
PLANNING	0	1,000	400	-1,800	-550.0%	-2,200
FIRE	134,950	136,840	142,648	148,098	3.8%	5,450
<i>Note: Proposed increase of 4th apparatus - additional equipment plus maintenance</i>						
<i>Additional funding for FP2 Office Software program, tablets etc. - all taken from Modernization Reserve</i>						
BUILDING	0	0	0	0	100.0%	0
(SURPLUS) / DEFICIT	0	0	0	0		
					Total Levy Increase	
					After Growth 2.00%	
					1% Levy Increase is	
					= \$23,614	

Growth Covers 2% Wage COLA

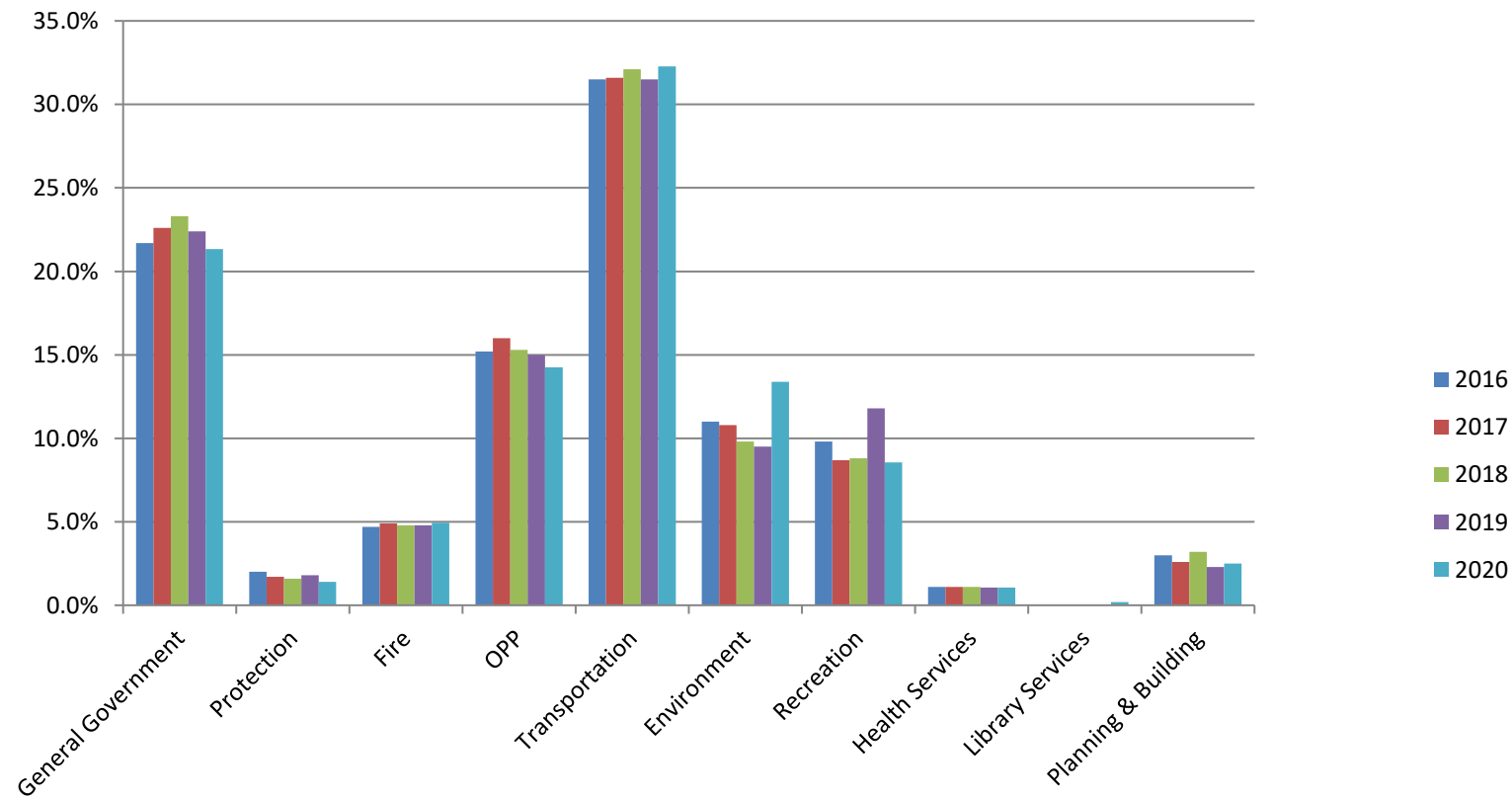
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2020 Departmental Percentage of Operating Budget



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2016-2020 Departmental Percentage of Operating Budget



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2020 Proposed Capital Budget

Department	Item	Opening Unfinanced	2020 Budget	Financing						Estimated Closing Unfinanced
				Taxation	Fees/ Charges/ Donations	Dev. Chgs.	Grants	Gas Tax	Reserves	
Gen. Gov't	Office Construction Loan - 2009	40,316.27		16,127	0	0	0		0	24,189.27
	Computer Hardware		40,000						40,000	0.00
	Computer Software		100,000						100,000	0.00
	Sub-Total	40,316.27	140,000	16,127	0	0	0	0	140,000	24,189.27
Fire										0.00
	Sub-Total	0.00	0	0	0	0	0	0	0	0.00
Roads	Garden of Eden Rd	69,462.50		27,785						41,677.50
	Thomson Rd	100,000.00		50,000						50,000.00
	Cotieville Rd							78,109		
	Johnston Rd	220,500.00		24,500						196,000.00
	Gravel Road <i>(to be picked)</i>		50,000	10,000				40,000		0.00
	Tandem		300,000						300,000	0.00
	Pressure Washer		6,035						6,035	0.00
	Salt Shed Roof		60,446						60,446	0.00
	Thompson Hill Streets <i>(Partial Only)</i>		166,142				55,794	108,440	110,348	-108,440.00
	Street Lights		8,984				8,984			0.00
	Sub-Total	389,962.50	591,607	112,285	0	0	64,778	226,549	476,829	179,237.50
Environment	Gates/Entrance		6,000						6,000	0.00
	Sub-Total	0.00	6,000	0	0	0	0	0	6,000	0
Recreation	Tables/Chairs		12,000						12,000	0.00
	RegROUT Hall		25,000						25,000	0.00
	Bar Renos		9,980			2,076			7,904	0.00
	Bar Fridge		5,000						5,000	0.00
	Sub-Total	0.00	51,980	0	0	2,076	0	0	49,904	0.00
TOTAL		430,278.77	789,587	128,412.00	0.00	2,076.00	64,778.00	226,549.00	672,733	203,426.77

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Denotes Insufficient for 10 Year Capital Forecast

Name	Estimated Ending Balance 2019	Addition 2020	Utilized 2020	Ending Balance 2020	Addition 2021	Utilized 2021	Ending 2021	Addition 2022	Utilized 2022	Ending 2022	Addition 2023	Utilized 2023	Ending 2023	Addition 2029	Utilized 2029	Ending Balance 2029
Working Funds	348,109	15,910		364,019			364,019			364,019			364,019			364,019
GEN. GOVERNMENT																
Modernization	417,762		100,000	317,762			317,762			317,762			317,762			317,762
Office Equipment	68,177	6,000	40,000	34,177	7,000		41,177	8,000		49,177	8,160		57,337	9,190		62,445
Insurance	20,000			20,000			20,000			20,000			20,000			20,000
Building	10,694	5,500		16,194	7,000	23,000	194	14,000	12,000	2,194	30,500		32,694	34,350	10,000	208,944
Election	5,514	6,120		11,634	6,245	1,800	16,079	6,370	17,000	5,449	6,495		11,944	7,315		32,734
	522,147	17,620	140,000	399,767	20,245	24,800	395,212	28,370	29,000	394,582	45,155	0	439,737	50,855	10,000	641,885
PROTECTION																
Emergency Mngt	20,581			20,581		15,081	5,500			5,500			5,500			5,500
Municipal Disaster	5,000			5,000			5,000			5,000			5,000			5,000
Cannabis Fund	15,000			15,000			15,000			15,000			15,000			15,000
Fire	49,921	33,960		83,881	34,640	9,100	109,421	35,330	3,000	141,751	36,035		177,786	40,585		264,671
Fire - Building	3,000	1,500		4,500	10,000	6,000	8,500	10,000	23,000	-4,500	11,000	10,000	-3,500	17,000		83,500
Building Inspection	8,401		8,401	0			0			0			0			0
	10,1904	35,460	8,401	128,963	44,640	30,181	143,422	45,330	26,000	162,752	47,035	10,000	199,787	57,585	0	373,672
TRANSPORTATION																
Rds - Equipment	254,151	109,700	306,035	57,816	111,944	65,000	104,760	114,233		218,993	116,568	60,000	275,561	131,440	335,000	267,376
		TANDEM/POWER WASHER 3/4 TON						GPS/SPREADER								
Rds - Infrastructure	75,854	50,388	110,348	15,894	51,395	51,395	15,894	52,425	52,425	15,894	104,475	104,475	15,894	148,945		164,839
OCIF	53,019			53,019			53,019			53,019			53,019			53,019
Asset Management	14,231	5,000		19,231	5,000		24,231	5,000	25,000	4,231	6,000		10,231	6,500		10,331
Buildings	93,705	20,400	60,446	53,659	20,808	11,000	63,467	21,224		84,691	21,649		106,340	24,380		62,232
Rds - Winter Maint.	1,000	1,020		2,020	1,040		3,060	1,060		4,120	1,080		5,200	1,220		12,160
Rds - Line Painting	3,016	2,550		5,566	2,600		8,166	2,650	5,500	5,316	2,700		8,016	3,010		10,226
	494,976	189,058	476,829	207,205	192,787	127,395	272,597	196,592	82,925	386,264	252,472	164,475	474,261	315,495	335,000	580,183
ENVIRONMENT																
Landfill Site	294,042	19,500	121,671	191,871	20,890		212,761	22,310		235,071	23,750		258,821	27,600		394,521
Landfill Site Bldgs	1,000	2,000		3,000	2,500		5,500	2,500		8,000	3,000		11,000	4,500		23,500
	295,042	21,500	121,671	194,871	23,390	0	218,261	24,810	0	243,071	26,750	0	269,821	32,100	0	418,021
RECREATION																
Building	120,332	30,310	37,904	112,738	30,915	15,700	127,953	31,535	46,500	112,988	32,165	32,000	113,153	36,225	5,000	269,123
			0 FOR RINK		0 FOR RINK			0 FOR RINK			0 FOR RINK			0 FOR RINK		
Equipment (No replacement Plan)	31,186			31,186			31,186			31,186			31,186			31,186
Kitchen Equipment	6,618	5,000	12,000	-382	5,000	3,700	918	5,000		5,918	5,000	18,000	-7,082	5,000		10,918
	158,136	35,310	49,904	143,542	35,915	19,400	160,057	36,535	46,500	150,092	37,165	50,000	137,257	41,225	5,000	311,227
PLANNING																
Planning	13,801			13,801		10,000	3,801			3,801			3,801			3,801
Unallocated	62,465	3,031	3,000	62,496			62,496		10,000	52,496			52,496			52,496
Totals	1,996,580	317,889	799,805	1,514,664	316,977	211,776	1,619,865	331,637	194,425	1,757,077	408,577	224,475	1,941,179	497,260	350,000	2,745,304
Operating Capital			127,072			1,800			22,500						0	
			672,733			199,976			161,925			224,475			350,000	

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IMPACT ON A TYPICAL RESIDENTIAL PROPERTY

(TOWNSHIP LEVY ONLY)

2019 AVERAGE ASSESSMENT

\$ 233,000 = \$ 1,272.01 (annual)

2020 AVERAGE ASSESSMENT

\$ 236,000 = \$ 1,314.16 (annual)

Township Increase of \$25.77 or 2%
\$10.92 per \$100,000 of assessment



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CLOSING REMARKS



To Council, Committees and Staff for their help in preparing the 2020 Budget!

- ❖ This Presentation, along with the detailed budget package is available on our website at www.hortontownship.ca
- ❖ Questions/Comments

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Township of Horton COUNCIL / COMMITTEE REPORT

Title: 2020 FULL ACCRUAL BUDGET (PSAB)	Date:	May 26, 2020
	Council/Committee:	Council
	Author:	Nathalie Moore
	Department:	Finance

RECOMMENDATIONS:

THAT the Council for the Township of Horton adopts the Ontario Regulation 284/09 Report for the 2020 Budget, as printed and circulated.

BACKGROUND:

Ontario Regulation 284/09 under the Municipal Act, states that a municipality may adopt a budget that excludes amortization expenses, post-employment benefits and solid waste landfill closure and post-closure expenses, provided that the municipality prepares a report about the exclusions and adopt the report by resolution. The report is hereto attached.

The impact of PSAB on the budget does not change the amount of taxes needed to be raised each year. The PSAB budget includes amortization requirements versus the transfer to and from capital and reserves currently in the budget.

The implementation of full accrual accounting in accordance with PSAB is not an accounting exercise, it is a management exercise and the information should be used for capital investment planning. The goal is to have municipalities set aside funds for future replacement of its infrastructure and estimates of when they will need to be replaced.

FINANCIAL IMPLICATIONS:

None.

CONSULTATIONS:

None.

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Author: *Nathalotsoou*
signature

Other: _____
signature

Treasurer: *Nathalotsoou*
signature

C.A.O. *[Signature]*
signature

Attachment #1 to 2020 PSAB Report**ONTARIO REGULATION 284/09 REPORT****2020 BUDGET – PSAB BASIS****OVERVIEW**

Ontario Regulation 284/09 under the Municipal Act, states that a municipality may adopt a budget that excludes amortization expenses, post-employment benefits and solid waste landfill closure and post-closure expenses, provided that the municipality prepare a report about the exclusions and adopt the report by resolution.

2020 Budget – Tax Rate Purposes

The 2020 Budget incorporates a 2020 tax levy of \$2,431,868. This budget will adopt 2020 tax rates for taxation purposes based on a modified accrual basis similar to previous years. Under this budget, amortization was not included as expenditure while capital expenditures and debt principle were included. Post-employment benefit expenses and solid waste landfill closure/post closure expenses were also not included. Revenue included transfers from reserves while expenditures included transfers to reserves.

2020 Budget – PSAB Basis

Under a PSAB based budget, capital expenditures and debt principal are not included as expenditures, while amortization expenses are included. Transfers into reserves and withdrawals out of reserves are also not included in the budget as expenditures and revenues respectively, but are considered Financing and Transfers on the Schedule of Financial Activities. The net value between debt principal, capital expenditures and amortization will result in a transfer to/from equity in tangible capital assets on the Schedule of Financial Activities. The dollar difference for 2020 is \$1,086,984.

POST-EMPLOYMENT BENEFITS EXPENSE

Post-Employment Benefits Expenses for 2020 will be \$4,477.80.

LANDFILL SITE CLOSURE AND POST-CLOSURE EXPENSE

As of December 31, 2019, the Municipality will have an estimated balance of \$295,042 in a Reserve for Solid Waste Disposal. The Municipality currently has

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one active land fill site. Although the Township does not have a specific reserve for landfill site closure, there is sufficient dollars available in the Solid Waste Disposal Reserve and the Working Funds Reserve based on the current estimated landfill site liability amount of \$120,000. Council should continue to transfer funds into this Reserve until reaching the estimated liability value of \$120,000 plus the replacement value of the department's infrastructure assets.

AMORTIZATION EXPENSE AND RESERVES

For the 2020 year, the Township included capital expenditures in the budget while amortization expenses were excluded. Amortization expenses attribute to the capital cost of an asset over its life span. However, amortization expenses does not include replacement values, therefore transfers to reserves should include forecasted replacement values.

In 2020, a total of \$ 889,015 was budgeted for new capital expenditures within the Operating Budget.

In 2020, a total of \$ 122,072 will be withdrawn from reserves in the Operating Budget and a total of \$ 899,282 will be withdrawn from reserves in the Capital Budget. Consequently, for the 2020 year, transfers to reserves for Capital asset replacement are \$ 317,889. In the past, the Township has utilized transfers to reserves, reserve funds and current year capital expenditures to replace existing tangible capital assets such as equipment, fleet and road construction. For 2020, the amount being withdrawn from reserves is more than the contributions being made into reserves.

Based on current estimates for the 2020 year, amortization expenses will amount to approximately \$ 883,712.

CONCLUSIONS

To avoid a large increase in the tax rate the Township should continue to make reserve contributions each year, over and above any reserve withdrawals. The Asset Management Plan will assist Council in making long term financial strategy decisions. Council should adopt a 10 year capital forecast annually.

It is projected in the Long Term Financial Strategies to increase the annual levy by 3.5% to continue to add COLA of 2% to reserves and also increase the gravel and hard top maintenance programs to extend the life of our road network. Projected funding gap as of 2029 is \$ 1,715,343.