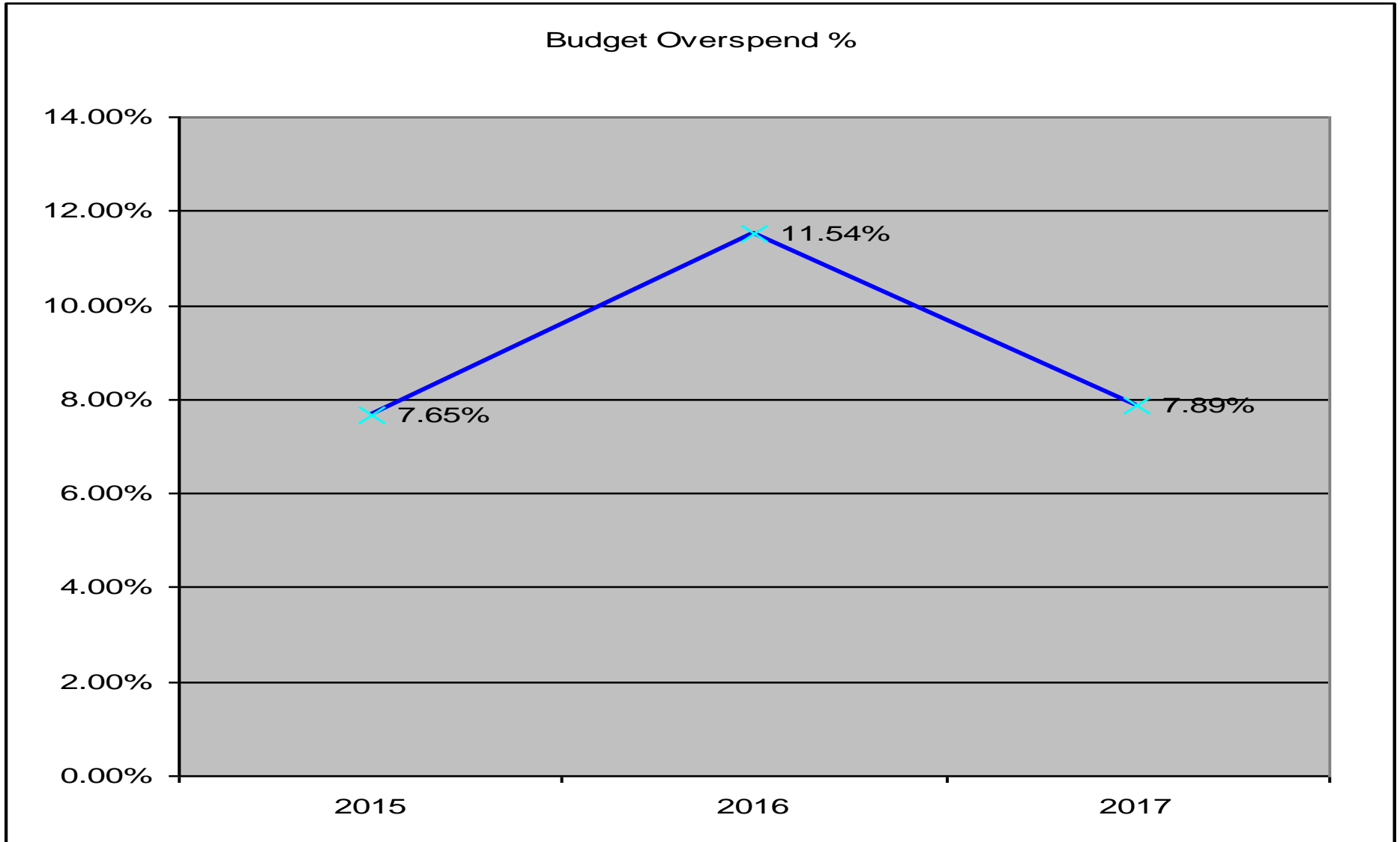


# 2020 Budget Considerations

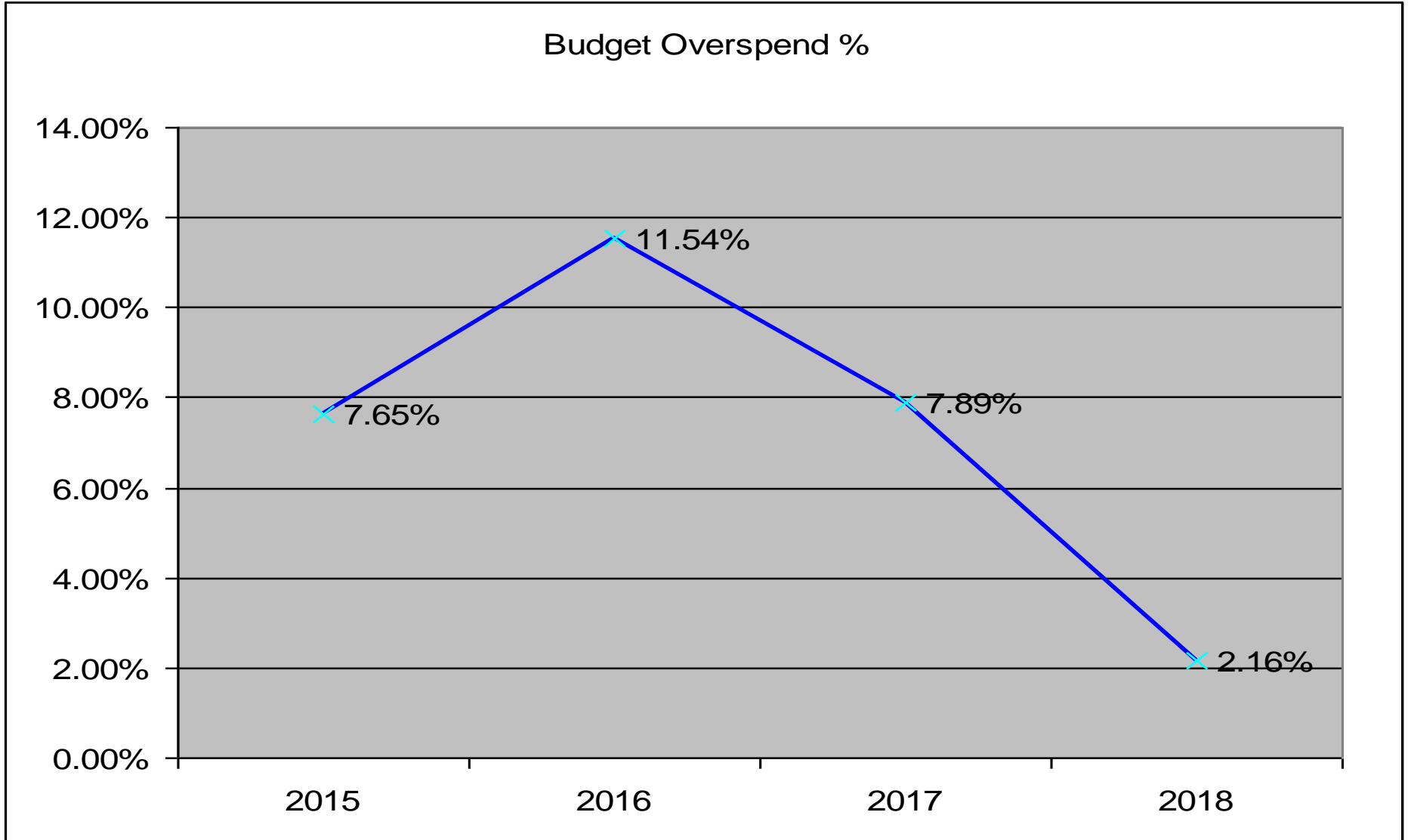
Bryan Lambert

September 16, 2019

# Budget Overspend



# Atta-boy!!



# Council Mandates

Municipal Act:

Sect 224, Role of Council

- Represent the Public
- Oversight

# Oversight

- to maintain the financial integrity of the municipality
- to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality
- to determine which services the municipality provides

# Non-Recoverable HST

- 1.75% is non-recoverable
- True expense is cost + 1.75%
- Estimated 2019 Non-recoverable HST overspend \$300K
- CIP Consultant:
  - $\$64,095 + 1,122 = \$65,217$
  - Budget amount should be \$65,217
  - Not \$64,095

# Non-Recoverable HST Impact

- How was the \$291K non-recoverable HST funded in 2018?
- \$291K non-refundable HST is 28% of the 2018 budget overspend
- Not funded by the tax levy

# Reserve Funds

A Reserve Fund is Not:

- An Asset
- A Pot of Cash
- A Bank Account

A Reserve Fund Is:

- A Source of Funds



# Reserve Fund Examples

- Holdco Dividend
- Marina
- VP Campground
- Police Business Service
- Many More
- Total 2018 reserves \$ 8,454,283
- Total 2017 reserves \$10,410,473

# Reserve Fund Budget Disclosure

Important funding source for:

- Capital expenses
- Some operational expenses

# Disclose What?

Disclose:

- ALL Reserve Fund balances
- Expected additional funding
- Carry-forward commitments
- Expenditures

# Development Charge Deficit

## Cobourg 2017 Development Charges FIR Tab 61

	Balance Jan 1	D C Proceeds			D C Disbursements			Balance Dec 31
		D C Collected	Income	Total	To Ops	To Capital	Total	
Development Charges	\$	\$	\$	\$	\$	\$	\$	\$
General Government . . .	-163,715	42,766		42,766		2,500	2,500	-123,449
Fire Protection . . . . .	544,190	27,615	5,386	33,001				577,191
Police Protection . . . . .	383,796	20,906	3,725	24,631				408,427
Roads and Structures . . .	4,928,867	407,706	47,629	455,335				5,384,202
Transit . . . . .	249,529	5,527	2,381	7,908				257,437
Wastewater . . . . .	2,482,060	43,009	23,882	66,891				2,548,951
Parkland Development . . .	403,088	47,345	3,534	50,879				453,967
GO Transit . . . . .								
Library . . . . .	-77,632	50,085	241	50,326	64,800		64,800	-92,106
Recreation . . . . .	-1,578,219	180,178	1,369	181,547	276,000	120,000	396,000	-1,792,672
Development Studies . . .								
Parking . . . . .								
Animal Control . . . . .								
Municipal Cemeteries . . .								
<b>TOTAL</b>	<b>7,171,964</b>	<b>825,137</b>	<b>88,147</b>	<b>913,284</b>	<b>340,800</b>	<b>122,500</b>	<b>463,300</b>	<b>7,621,948</b>

# Head Count

- Departmental headcount included in the public budget documents
- For budgeting, FTE (Full Time Equivalent) is a better metric compared to traditional headcount (FT, PT, Seasonal)
- Provide peak FTE as well as YE FTE
- Town publishes headcount data in the FIR which is in the public domain therefore NOT a “privacy concern”

# Zero Based Budgeting Lite

Per line item:

- 2020 budget target should be the lower of 2019 budget or actual +1.9%
- Starting with lower of 2019 budget or actual, add prioritized items until target is reached
- List additional prioritized items for Council's consideration

# ZBB Lite

- Much easier to do than full ZBB
- Provides most of the ZBB benefits:
  - Focus on priority operations
  - Improve management ownership
  - Lower costs
  - Flexible budget
- Does NOT control legacy costs

# Marina Funding

Immediate repairs needed:

- Electrical system
- Docks, as outlined by several recent delegations
- Town policy: Marina operates on a user-pay basis
- Marina reserve is insufficient



# Recognize the Situational Reality

Recognition of:

- a different perspective
- new data/analysis
- the transitional from one Works/Parks department into three individual departments

# Possible Solution

- Last summer Dir. Hustwick told Council that the MRF balance was \$350K and,
- \$4-500K had been “spent” by the Marina over the years on non-marina expenses
- \$290K cost of 2014 slips has not allocated to the Marina reserve
- Solution: make the bookkeeping changes needed to reflect the current reality.
- Estimated 2019 Marina balance \$600K+
- Sufficient to fund electrical and most dock repairs