

Operating Budget

2018

The City of Kenora, Ontario, Canada

Lake of the Woods
KENORA



Table of Contents

Introductory Information

City Council	3
City Strategic Plan and Guiding Principles	4
City Brand and Brand Promise	4
Capital Plan Principles	5

Budget Highlights

Operating Budget Highlights	6
Net Program Costs & External Organizations	7

Budget Pressures

2018 Major Budget Impacts	8
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Detailed Budget Schedules

General Purpose Tax Levy	Index 1
2018 Preliminary Municipal Tax Rates	Index 2
Tax Rate Comparison	Index 3
Comparative Analysis of Assessment per Returned Roll	Index 4
Staffing Complement Analysis	Index 5
Program Net Cost Summary	Index 6
Program Information	Index 7
Expenditure Summaries	Index 8
Department Budgets 2018 - 2017	Index 9
Applications of Reserves & Reserve Funds	Index 10



Table of Contents





*Introductory
Information*

City Council

Kenora City Council

From Left to Right:

- ❑ Councillor Dan Reynard
- ❑ Councillor Mort Goss
- ❑ Mayor David Canfield
- ❑ Councillor Rory McMillan
- ❑ Councillor Sharon Smith
- ❑ Councillor Colin Wasacase
- ❑ Councillor Louis Roussin



City Strategic Plan and Guiding Principles

The City's corporate Strategic Plan lays the foundation for the City's future. We call our Strategic Plan, *Kenora: Our Vision is 20/20*. The cornerstones of our Strategic Plan are the Vision and Mission Statements.

Vision Statement

Kenora is a City of choice, renowned as a sustainable, lifestyle community supported by a Municipality committed to excellence.

Mission Statement

To deliver quality, cost-effective Municipal services.

The City's values as defined in its Strategic Plan, provide the City with guidelines for evaluating and determining its actions. To help ensure the City budget considerations are done in conjunction with these values as presented within the strategic plan, they are reviewed in conjunction with the budget deliberations, and have been set out below:

- ❑ Trust & Respect: We demonstrate integrity, honesty, fairness, transparency and accountability in all of our actions, fostering a corporate culture intended to promote trust and respect of our staff, our community and our partners.
- ❑ Communication: We ensure respectful and inclusive communications with our staff, community and partners.
- ❑ Commitment: We value employees that are committed to service the interests of the community.
- ❑ Innovation: We strive for continuous service improvements through innovation, leadership and best practices.
- ❑ Preparedness: We consider community, public and workplace safety in every decision that we make.
- ❑ Fiscal Responsibility: We manage the municipal finances in a responsible, prudent and transparent manner.
- ❑ Environmental Stewardship: We are committed stewards of the land and lakes that enrich our lives.

City Brand and Brand Promise

In 2013, Council officially adopted the City's new Brand recognizing Kenora as "North America's Premier Boating Destination".

Council further adopted the resulting Brand Promise, which reads as follows:

- ✓ *Kenora is North America's Premier Boating Destination. We are the connection to Lake of the Woods and its 14,522 Islands.*
- ✓ *Through our events and amenities we celebrate our history and build our future.*
- ✓ *We love our lake; we are its stewards and we nurture its pristine environment.*

Where possible, recognition of the Brand and Promise was given consideration in reviewing the City's proposed capital projects and unusual spending.



Introductory Information

City Strategic Plan and Guiding Principles

City Brand and Brand Promise

City of Kenora 2018 Operating Budget

Operating Budget Principles

In developing and reviewing the municipal operating budget for 2018, the City has adhered to certain operating budget principles that it has established to guide overall spending within the budget process. These principles are as follows:

- ❑ Kenora will adhere to and uphold the guiding principles laid out in the City's Strategic Plan, as well as recognize the City's Brand and Brand Promise.
- ❑ Kenora will ensure that the budget will maintain the long-term financial viability of the City.
- ❑ Kenora will maintain the integrity of its reserves, and will not fund regular operating expenses from those reserves.
- ❑ Kenora will carefully consider projects dependent on funding through the issuance of long term debt on a case by case basis to ensure that there is sufficient benefit to the taxpayer to justify approving those projects.

The City Water & Sewer and Solid Waste operations do not form part of the overall City budgets. Rather, a separate budget has been developed for each of these entities, eliminating them from the general budget process. This is done to recognize that these operations are independent, self-supporting utilities, funded through user fees and not through City tax dollars.



Introductory Information

Operating Budget Principles

City of Kenora 2018 Operating Budget

Operating Budget Highlights

The 2018 operating budget projects total operating expenditures of \$30.1 million, before capital expenditures and reserve appropriations. Combined operating, capital and reserve requirements total \$53.8 million.

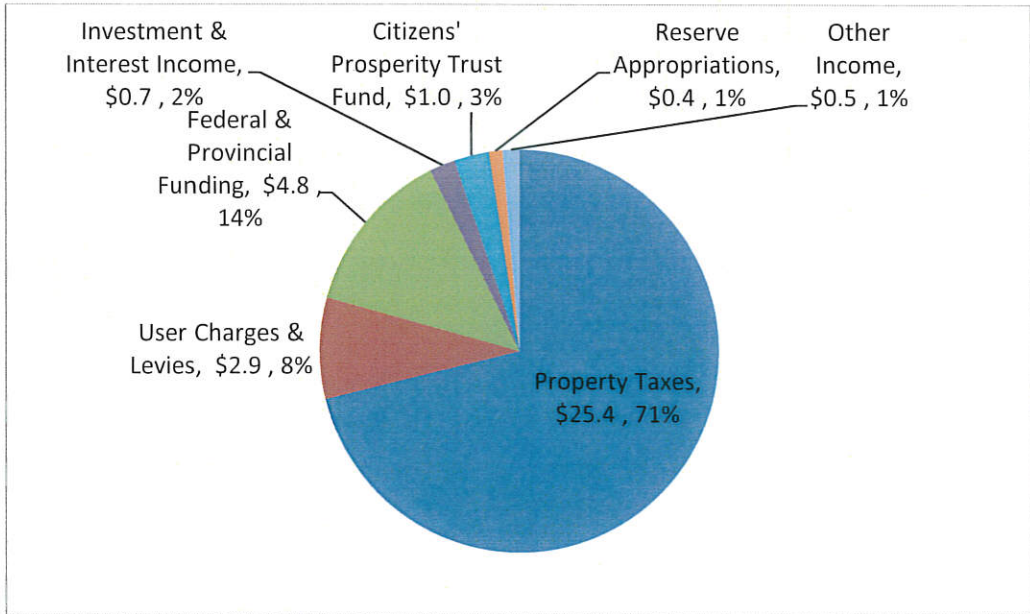
In 2018, the City will raise \$25.4 million through general tax dollars. Tax dollars continue to be the City's most significant funding source, representing 71% of combined operating revenues. The next most significant funding sources for 2018 are projected to be federal and provincial funding of 14% and user charges and levies of 8% (excluding those for the utilities). In 2018, the City continues to rely heavily on investment and interest income, representing a combined 5% of the City's overall operating revenues between income from the Citizens' Prosperity Trust Fund and other interest and investment income. The pie chart at the bottom of this page provides an overview of the City's operating budget revenue.

This does not reflect any revenues for capital expenditures or other non-capital special projects / unusual spending.



Budget Highlights

Operating Budget Highlights



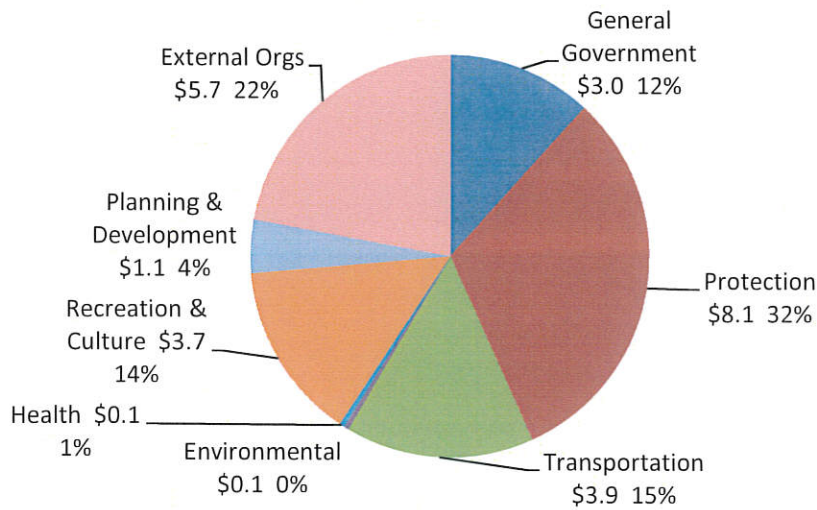
Net Program Costs & External Organizations

The net costs of the combined operating programs, before capital expenditures and reserve appropriations are projected at \$25.7 million for 2018, including transfers to external organizations. The most significant portion relates to Protection, representing \$8.1 million, or 32% of combined net program expenditures. This is an increase from 2017 of \$0.2 million. The next most significant net program cost relates to funds given to external organizations at \$5.7 million (22% of combined net program expenditures), followed by Transportation at \$3.9 million (15% of combined net program expenditures). The following chart provides more detailed information on net program expenditure by function:



Budget Highlights

Net Program Costs & External Organizations



The Province mandates 100% of the funds that are transferred to external organizations. These organizations include: the Northwestern Health Unit; the Kenora District Services Board (KDSB); and the District of Kenora Home for the Aged (Pincrest).

Transfers to other external organizations that remain at the discretion of the City in determining budget allocation, specifically the Ontario Provincial Police, the Kenora Handi Transit, the Kenora Public Library, the Lake of the Woods Museum, the Lake of the Woods Development Commission, and the Kenora Assembly of Resources, are included within the respective functional areas, and are not included within the external organizations information.



City of Kenora 2018 Operating Budget

2018 Major Budget Impacts

Major factors impacting the City's 2018 budget deliberations (in thousands of dollars) included:



Budget Pressures

	Budget Impact	% Impact on Tax Rate
Major Tax Rate Impacts		
Wage Considerations	267	1.1 %
Decreased Investment Revenue	40	0.2 %
Estimated interest income decrease	50	0.2 %
Provincial Offences net decrease	86	0.3 %
Net Residual City Impact	(229)	-0.9 %
	214	0.9 %
External impacts		
O.M.P.F. Provincial Funding Decrease	322	1.3 %
Policing Cost increase/Court Security Upload	68	0.3 %
External Organizations		
Mandated	102	0.4 %
Museum/Library/KAR	44	0.2 %
	536	2.2 %
Combined Major Impacts	750	3.0 %

2018 Major Budget Impacts

1% Tax Impact 246

In the above table, negative numbers represent a reduction in required tax levy, and positive numbers represent an increase to the tax levy requirement. It should also be noted that the above table shows major impacts only. It does not break out any amounts related to other items. These impacts have been included in the "Net Residual City Impact". The following is some discussion on the major impacts within the table:

Wage Considerations – This represents the impacts related to some City staffing changes as approved by Council, and any adjustment to non-union wages as per City policy.



City of Kenora 2018 Operating Budget

Police Costs – There is an increase to the policing costs of \$45k for the City in 2018. In addition there is decreased funding of 23k related to the upload of Court Security costs.

External Organizations - Mandated – In 2018, costs related to funding mandated to external organizations is anticipated to increase by \$102k. Both the Kenora District Services Board (KDSB) and the Pinecrest Home for the Aged have required increases. The KDSB has increased their levy by an additional \$51k. Pinecrest has requested an additional \$54k. The Northwestern Health Unit has maintained the same request as in 2017.

Reserve Allocation to Capital – In 2018, Council decided not to include an additional 1.1% net tax levy for additional capital spend as was recommended in the City's asset management plan.

OMPF Provincial Funding Decrease – The City received notice that its entitlement under the Ontario Municipal Partnership Fund (OMPF) is being reduced by \$322k in 2018. The City is continuing to lobby the Provincial Government to discontinue future anticipated reductions to our OMPF funding.



Budget Pressures

2018 Major Budget Impacts