



City of Kenora 2021 Operating Budget



The Corporation of the City of Kenora
Kenora, Ontario
Canada

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Kenora City Council



From left to right:

Councilor Rory McMillan

Councillor Mort Goss

Councillor Kirsi Ralko

Councillor Chris Van Wallegem

Councillor Sharon Smith

Councillor Andrew Poirier

Seated: Mayor Daniel Reynard



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 2020*. 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 and 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.

Operating Budget Principles

In developing and reviewing the municipal operating budget for 2021, 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.

2021 Operating Budget Highlights

The 2021 operating budget projects total operating expenditures of \$32.5 million, before capital expenditures and reserve appropriations. Combined operating, capital and reserve requirements total \$46 million.

In 2021, the City will raise \$27.75 million through general tax dollars. Tax dollars continue to be the City's most significant funding source, representing 70% of combined operating revenues. The next most significant funding sources for 2021 are projected to be federal and provincial funding of 9% and user charges and levies of 7% (excluding those for the utilities). In 2021, 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 below 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.

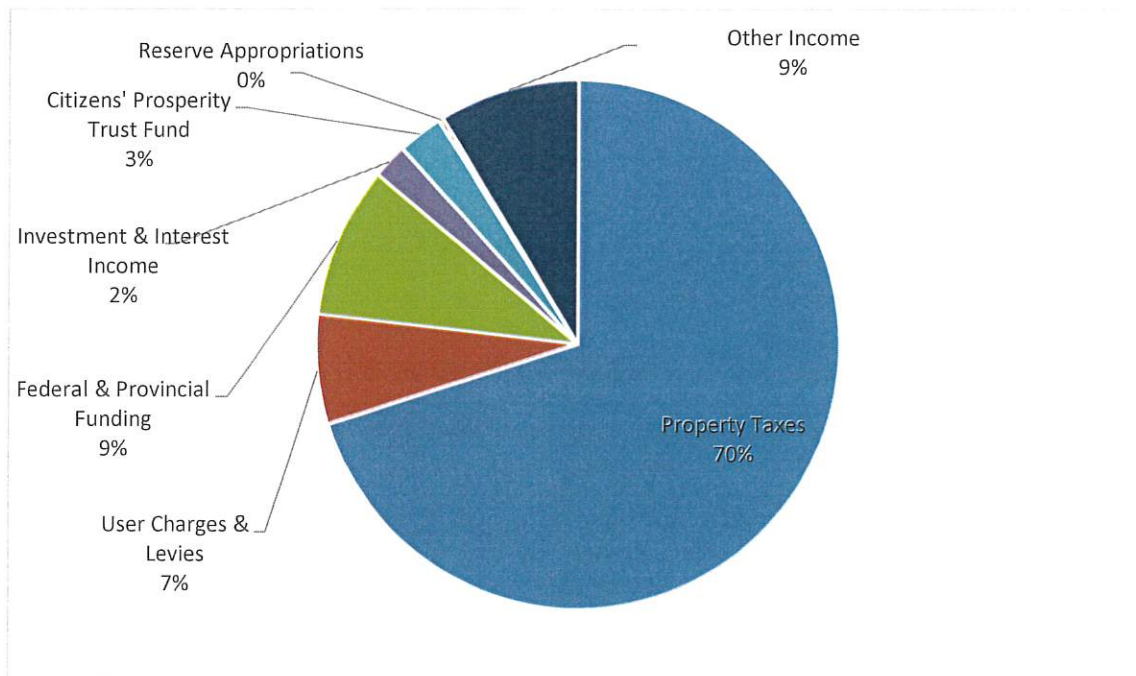


Figure 1 2021 Operating Budget Revenues

Net Program Cost and External Organizations

The net costs of the combined operating programs, before capital expenditures and reserve appropriations are projected at \$27.1 million for 2021, including transfers to external organizations. The most significant portion relates to Protection, representing \$8.9 million, or 33% of combined net program expenditures. The next most significant net program cost relates to funds given to external organizations at \$6 million (22% of combined net program expenditures), followed by Transportation at \$4.8 million (17% of combined net program expenditures). You will notice this year that Planning & Development is showing as revenues exceeding expenditures which is caused by a large land sale expected in 2021. This is offset by a corresponding transfer to reserve for the same amount. The following chart provides more detailed information on net program expenditure by function:

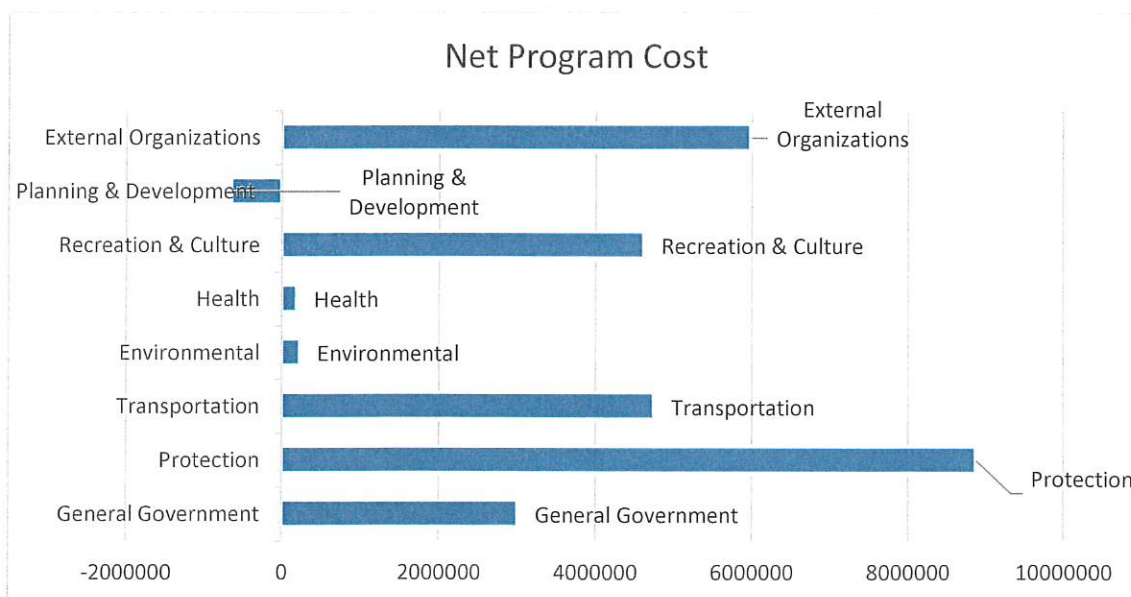


Figure 2 Net Program Expenditure by Function

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 (Pinecrest).

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, and the Kenora Assembly of Resources, are included within the respective functional areas, and are not included within the external organizations information.

2021 Major Budget Impacts

Major factors impacting the City's 2021 budget deliberations (in thousands of dollars) included:

	Budget Impact	% Impact on Tax Rate
Major Tax Rate Impacts		
Staff related impacts	(273)	-1.0%
POA decrease in expected revenues	(54)	-0.2%
Increased Citizens Trust Contribution	125	0.5%
Expected reduction in recreation revenues	(303)	-1.1%
Insurance expected increase	(95)	-0.4%
COVID 19 funding	683	2.5%
Increase in succession planning reserve	(180)	-0.7%
Net Residual City Impact	(202)	-0.8%
	(299)	-1.1%
External impacts		
O.M.P.F. Provincial Funding decrease	(9)	0.0%
Policing Cost increase	(389)	-1.4%
External Organizations		
Mandated	(44)	-0.2%
Museum/Art Centre/Library/KAR	(68)	-0.3%
	(510)	-1.9%
Combined Major Impacts	(808)	-3.0%

In the above table, negative numbers represent an increase in required tax levy, and positive numbers represent a decrease 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:

Staff related impacts

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.

Insurance increase

In speaking to the City's insurance broker, as well as other municipalities, it is expected that insurance costs are to increase significantly in 2021.



Police Costs

The City saw a significant reduction in police costs from 2019 to 2020. However, in 2021, we now see a larger increase due to calls for service.

External Organizations – Mandated

In 2021, costs related to funding mandated to external organizations is anticipated to increase by \$44,400. The Kenora District Services Board (KDSB) levy is slightly less than in 2020 however the City under budgeted for KDSB in 2020. While we do not have a confirmation at this point, the city anticipates an increase for Pinecrest Home for the Aged. The Northwestern Heath Unit increase has been pushed back another year and the levy is equal to the 2019 levy requirement.

1	General Purpose Tax Levy
2	2021 Preliminary Municipal Tax Rates
3	Tax Rate Comparison
4	Preliminary Assessment Comparison: 2021-2020
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