



The City of Kenora, Ontario, Canada

Operating Budget  
2010

Budget Discussion

Introductory  
Information

Budget  
Highlights

Budget  
Pressures

Detailed Budget  
Schedules

## Table of Contents

### Introductory Information

City Council	3
City Strategic Plan and Guiding Principles	4
Operating Budget Principles	4

### Budget Highlights

Operating Budget Highlights	5
Net Program Costs & External Organizations	7

### Budget Pressures

2010 Major Budget Impacts	8
---------------------------	---

### Detailed Budget Schedules

General Purpose Tax Levy	Index 1
2010 Preliminary Municipal Tax Rates	Index 2
Tax Rate Comparison	Index 3
Comparative Analysis of Assessment per Returned Roll – 2010 - 2009	Index 4
Overall Staffing Complement Analysis – 2004 - 2009	Index 5
Program Net Cost Summary	Index 6
Program Information	Index 7
Expenditure Summaries	Index 8
Department Budgets	Index 9
Budgeted Sources and Applications of Reserves & Reserve Funds	Index 10

## Table of Contents

## City Council



Mayor Len Compton



Councillor Wendy Cuthbert  
Chair of Property and Community Planning



Councillor Charito Drinkwalter  
Chair of Emergency Services



Councillor David McCann  
Chair of Operations



Councillor Rory McMillan  
Chair of Finance and Administration



Councillor Jim Parson  
Chair of Utilities and Communications



Councillor Chris VanWalleghem  
Chair of Community Services

## Introductory Information

### City Council

### **City Strategic Plan and Guiding Principles**

The City’s current corporate strategic Plan lays the foundation for the City’s future. This plan sets out the City’s guiding principles as well as provides the strategic directions for the City.

The guiding principles provide the City with guidelines for evaluating and determining its actions. To help ensure the City budget considerations are done in conjunction with the vision as presented within the strategic plan, the guiding principles are reviewed in conjunction with the budget deliberations, and have been set out below:

- ❑ Kenora will provide fairness in taxation
- ❑ Kenora will provide value for service to the ratepayer
- ❑ Kenora will ensure sound fiscal management
- ❑ Kenora will provide quality of life amenities and services for citizens and visitors
- ❑ Kenora will explore and pursue new opportunities
- ❑ Kenora will value and be responsible to its employees
- ❑ Kenora will understand and respect its citizens
- ❑ Kenora will inform and engage its citizens
- ❑ Kenora will be a steward of the environment

### **Operating Budget Principles**

In developing and reviewing the municipal operating budget for 2010, 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.
- ❑ 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 pay and not through City tax dollars.

## **Introductory Information**

City Strategic Plan and Guiding Principles

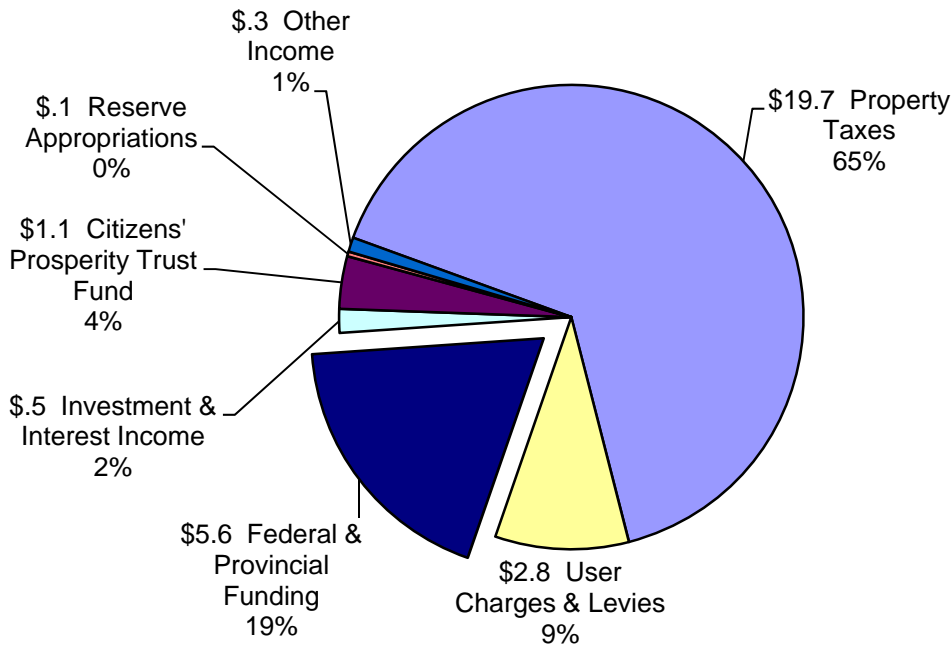
Operating Budget Principles

### Operating Budget Highlights

The 2010 operating budget projects total operating expenditures of \$26.1 million, before capital expenditures and reserve appropriations. Combined operating, capital and reserve requirements total \$52.9 million.

In 2010, the City will raise \$19.7 million through general tax dollars. Tax dollars continue to be the City's most significant funding source, representing 65% of combined operating revenues. The next most significant funding sources for 2010 are projected to be federal and provincial funding of 19% and user charges and levies of 9% (excluding those for the utilities). In 2010, the City continues to rely heavily on investment and interest income, representing a combined 6% of the City's overall operating revenues between income from the Citizens' Prosperity Trust Fund and other interest and investment income. In 2008, investment and interest income represented 8% of total operating revenues. This drop is as a result of the changes in the global economy and resulting impact in the Canadian interest rates between when the 2008 municipal budget was passed and today.

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



An analysis of the combined 2010 budgeted expenditures, including reserves and capital allocations, broken out by functional area has been included on the following page, as well as a comparable analysis outlining the allocation of tax dollars.

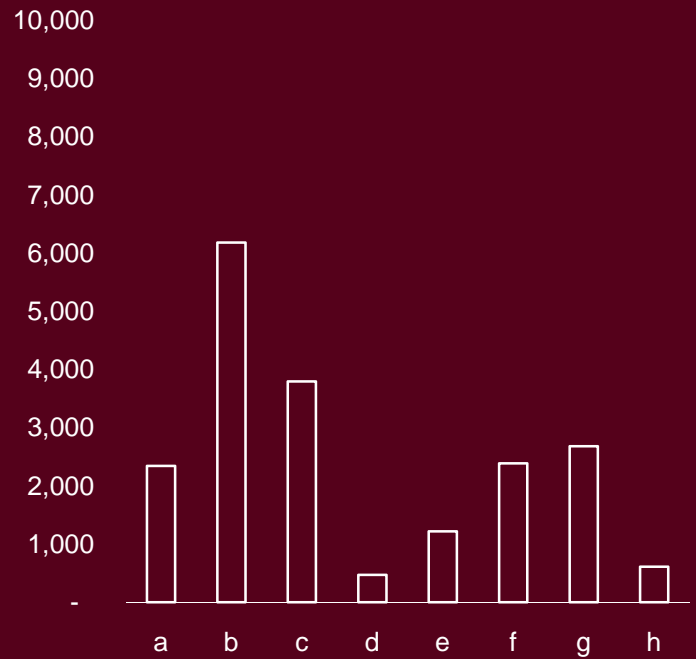
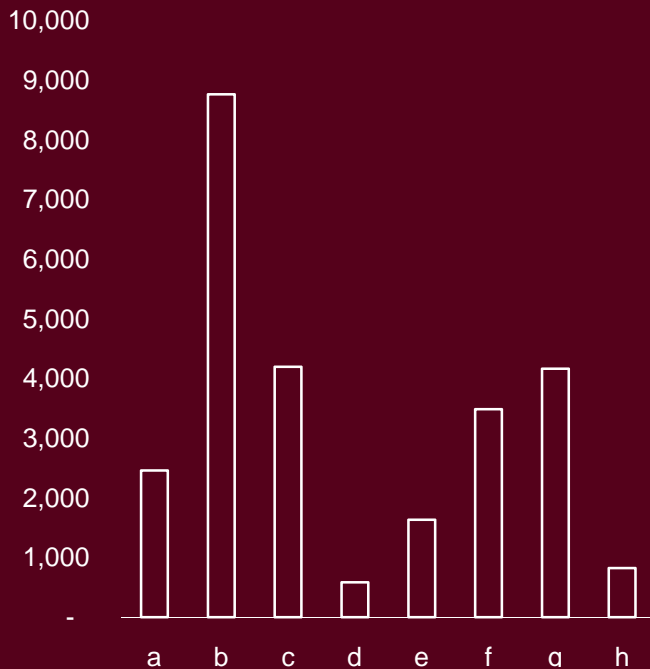
## Budget Highlights

### Operating Budget Highlights

## 2010 Operating Budget

Planned Expenditures by Function – Gross / Net  
2010 Planned Costs (in thousands of dollars)

## Budget Highlights



### 2010 Combined Budget Expenditures - Total Cost

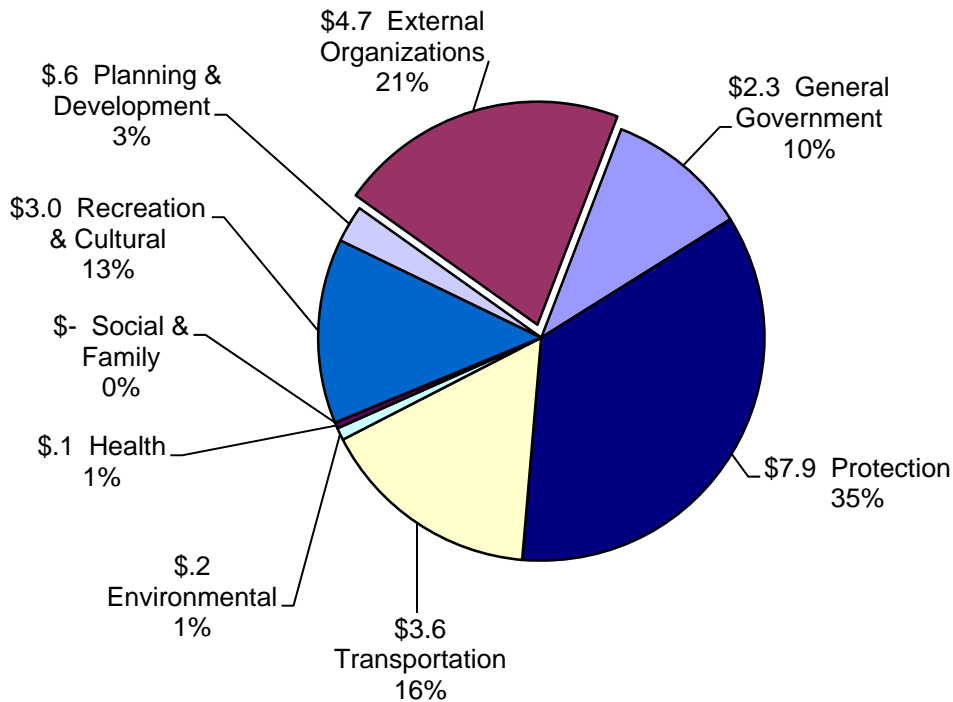
a General government	2,459	9.4%
b Protection	8,761	33.6%
c Transportation	4,197	16.1%
d Environmental	586	2.2%
e Health	1,633	6.3%
f Social & family	3,486	13.4%
g Recreation & cultural	4,164	15.9%
h Planning & development	822	3.1%
	<b>\$ 26,108</b>	<b>100.0%</b>

### 2010 Allocation of Tax Dollars

a General government	2,343	11.9%
b Protection	6,180	31.4%
c Transportation	3,792	19.3%
d Environmental	471	2.4%
e Health	1,218	6.2%
f Social & family	2,385	12.1%
g Recreation & cultural	2,680	13.6%
h Planning & development	610	3.1%
	<b>\$ 19,679</b>	<b>100.0%</b>

### Net Program Costs & External Organizations

The net costs of the combined operating programs, before capital expenditures and reserve appropriations are projected at \$22.4 million for 2010, including transfers to external organizations. The most significant portion relates to Protection, representing \$7.9 million, or 35% of combined net program expenditures. The next most significant net program cost relates to funds given to external organizations at \$4.7 million (21% of combined net program expenditures), followed by Transportation at \$3.6 million (16% of combined net program expenditures). The following chart provides more detailed information on net program expenditure by function:



The Province mandates 100% of the funds that are transferred to external organizations. These organizations are:

- Northwestern Health Unit
- Kenora District Services Board (KDSB)
- District of Kenora Home for the Aged (Pinecrest)

In 2010, the combined levy to external organizations is projected at \$4.7 million. At the time the 2010 budget was approved by Council, final levy information had not yet been received from either the KDSB or 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 Lake of the Woods Development Commission, including the Kenora Assembly of Resources, are included within the respective functional areas, and are not included within the external organizations information.

## Budget Highlights

### Net Program Costs & External Organizations

## 2010 Major Budget Impacts

Major factors impacting the City's 2010 budget deliberations (in thousands of dollars) included:

	Budget Impact	% Impact on Tax Rate
<b>Major Tax Rate Impacts</b>		
Community Clubs	\$ 38	0.2%
Accessibility Legislation	30	0.2%
Winter Control Stabilization Reserve	25	0.1%
Triple Play Funding	15	0.1%
External Organizations		
Mandated	195	1.1%
Handi Transit / Library / Museum / Dev Comm.	43	0.2%
Wage Related Impacts	267	1.5%
Lost Interest Revenues	157	0.9%
New Debt Payment Obligations	262	1.4%
Net Residual City Impact	3	0.0%
	<b>\$ 1,036</b>	<b>5.7%</b>
<b>Offsetting Incremental Revenues / Cost Reductions</b>		
O.M.P.F. Provincial Funding Increase	\$ (266)	-1.5%
Policing Savings	(251)	-1.4%
Savings allocated to rebuild Contingency Reserve	251	1.4%
Incremental tax room due to new assessment	(692)	-3.8%
	<b>\$ (958)</b>	<b>-5.3%</b>
<b>Combined Major Impacts</b>	<b>\$ 78</b>	<b>0.4%</b>

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, such as increased utilities. These impacts have been included in the "Net residual operating budget impacts". The following is some discussion on the major impacts within the table:

**Community Clubs** – As a result of the Major Recreation Facility Review done during 2009 and completed in January 2010, a recommendation was made that the City provide both additional annual funding as well as funding for the rehabilitation of the community clubs. As a result, for 2010, Council increased the allocation for annual funding to each of the four clubs from \$4,000 to \$6,000, representing an increased cost of \$8,000. In addition, the City created a new reserve for Community Club Rehabilitation and has put an allocation of \$30,000 into this reserve for 2010. Overall budget impact resulting from these changes is \$38,000.

**Accessibility Legislation** – As a result of the Accessibility for Ontarians with Disabilities Act, and the City's obligations related to identifying and removing barriers from accessing City facilities, the City has created a new reserve fund for Accessibility. The allocation for 2010 to this reserve is \$30,000. This is in addition to four projects included under unusual spending in the City's Five Year Capital Plan to address accessibility related issues at: City Hall, the Operations Facility, the Library and the Museum.

## Budget Pressures

### 2010 Major Budget Impacts



## 2010 Major Budget Impacts (Cont.)

**Winter Control Stabilization Reserve** – The City currently uses reserves to “smooth” various municipal spending, such as equipment purchases, so the actual expenditure is spread evenly over the tax levy requirement from year to year. One of the operating programs that can fluctuate significantly each year is winter control. Commencing in 2010, the City has allocated \$25,000 annually to a winter control reserve that, once established, will be used for stabilizing winter control related spending from year to year.

**Triple Play Funding** – From 2006 through 2008, the City provided funding to the Triple Play organization. This funding was not requested by Triple Play in 2009. Triple Play has requested to City to consider \$15,000 in funding for 2010. Council has tentatively supported this funding allocation in the budget, however the release of this funding will be dependent on clarification of both the use of and requirement for this funding by Triple Play.

**External Organizations - Mandated** – In 2010, anticipated costs related to funding mandated external organizations increased by \$195,227. This estimate has been built into the City’s 2010 budget, although it should be recognized that the final request from both the Kenora District Services Board and the District of Kenora Home for the Aged has not yet been received. The budget will be amended upon receipt of these requests.

**Other External Organizations** – Overall, the impact related to the other external organizations (more specifically the Kenora Public Library, the Lake of the Woods Museum, the Kenora Handi Transit and the Lake of the Woods Development Commission) represents increased costs of \$43,068 for 2010. This is primarily related to wage related increases for these organizations.

**Wage Impacts** – This represents the impacts related to the settlements with the various City Unions and resulting adjustment to non-union wages.

**Lost Interest Revenues** – In 2009, as a result of a fairly aggressive capital program, a portion of which is to be financed through long term debt issuance in 2010, as well as advances given to the Kenora Health Care Centre for building construction, the City was required to collapse some of its investments. As a result, the City is projecting a further reduction in interest revenues of about \$157,075 in 2010.

**New Debt Obligations** – As a result of a capital program dependent on long term debt issuance, the City will become responsible for debt obligations commencing in 2010. This obligation is expected to impact by 50%, or \$262,422 annually in 2010, and an additional \$262,422 annually in 2011.

**OMPF Provincial Funding Increase** – For the first time, the City received an increased entitlement under the Ontario Municipal Partnership Fund (OMPF) in 2010. While this brings to an end the concern over the anticipated loss in OMPF funding, the City continues to lobby for increased OMPF funding allocation and estimates that the 2010 OMPF funding level is about \$2.1 million lower than the City’s entitlement.

**Police Savings and Contingency Reserve** – Policing savings represents savings between the 2009 overall budget allocation for policing and the comparable 2010 budget allocation. The anticipated reduction is being used to rebuild the City’s contingency reserve which was accessed to fund disbandment costs related to the Kenora Police Services.

**Incremental Tax Room due to New Assessment** – Increased tax levy ability resulting from increased assessment, determined by applying 2009 tax rates as restated (industrial rates only) to the 2010 City assessment.

## Budget Pressures

### 2010 Major Budget Impacts (Cont.)