



The City of Kenora, Ontario, Canada

Operating Budget
2012

Budget Discussion

Introductory
Information

Budget
Highlights

Budget
Pressures

Detailed Budget
Schedules

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City Council



Mayor David Canfield



Councillor Ron Lunny
Chair of Finance



Councillor Charito Drinkwalter
Chair of Community & Protective Services



Councillor Rod McKay
Chair of Operations



Councillor Rory McMillan
Chair of Corporate Services



Councillor Louis Roussin
Chair of Property &
Community Planning



Councillor Sharon Smith
Chair of Economic Development

**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 2012, 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

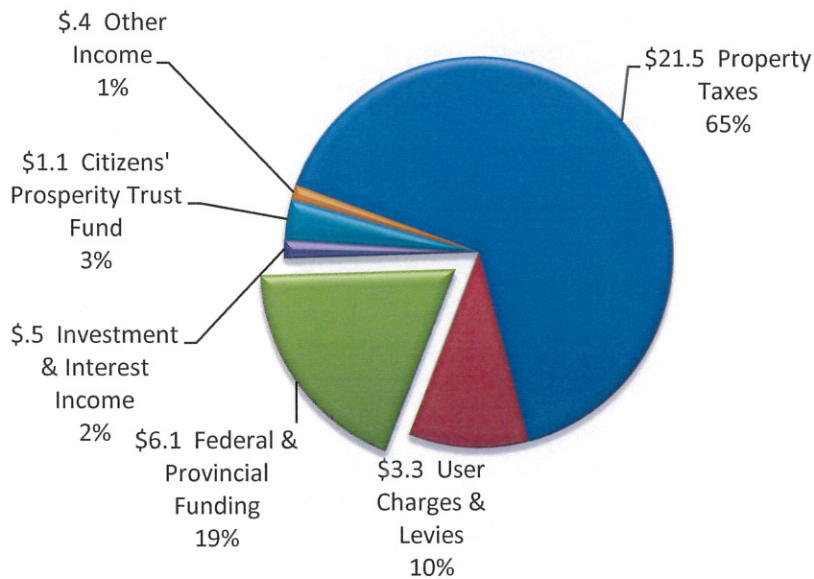
Operating Budget Principles

Operating Budget Highlights

The 2012 operating budget projects total operating expenditures of \$28.6 million, before capital expenditures and reserve appropriations. Combined operating, capital and reserve requirements total \$35.5 million.

In 2012, the City will raise \$21.5 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 2012 are projected to be federal and provincial funding of 19% and user charges and levies of 10% (excluding those for the utilities). In 2012, 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.

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



An analysis of the combined 2012 budgeted expenditures, excluding 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.

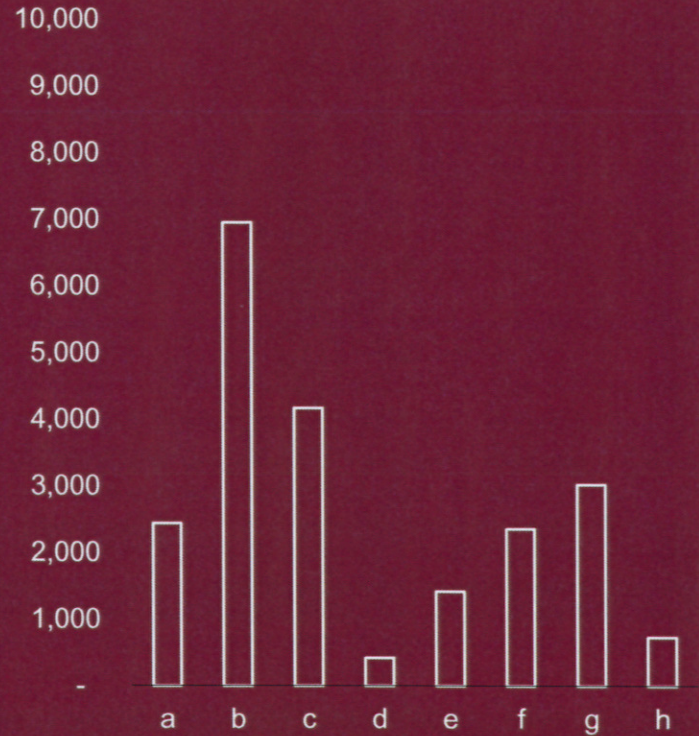
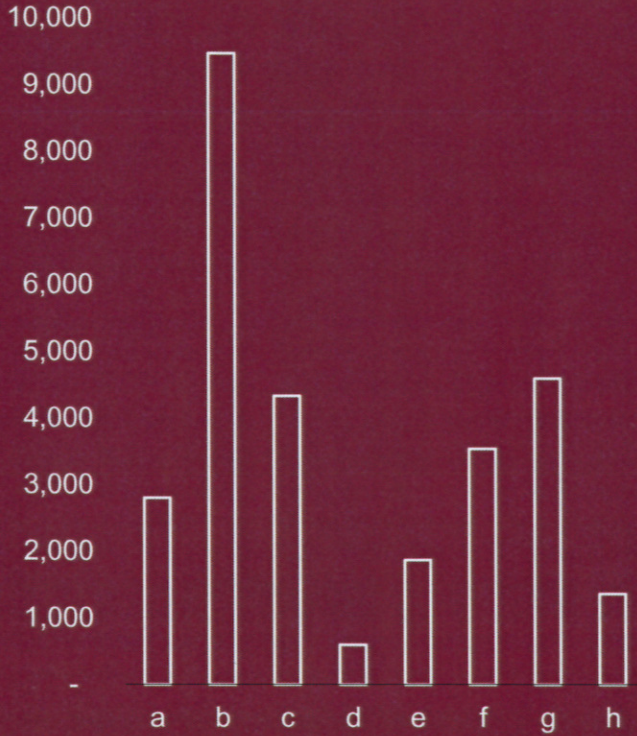
Budget Highlights

Operating Budget Highlights

2012 Operating Budget

Planned Expenditures by Function – Gross / Net
2012 Planned Costs (in thousands of dollars)

Budget Highlights



2012 Combined Budget Expenditures - Total Cost

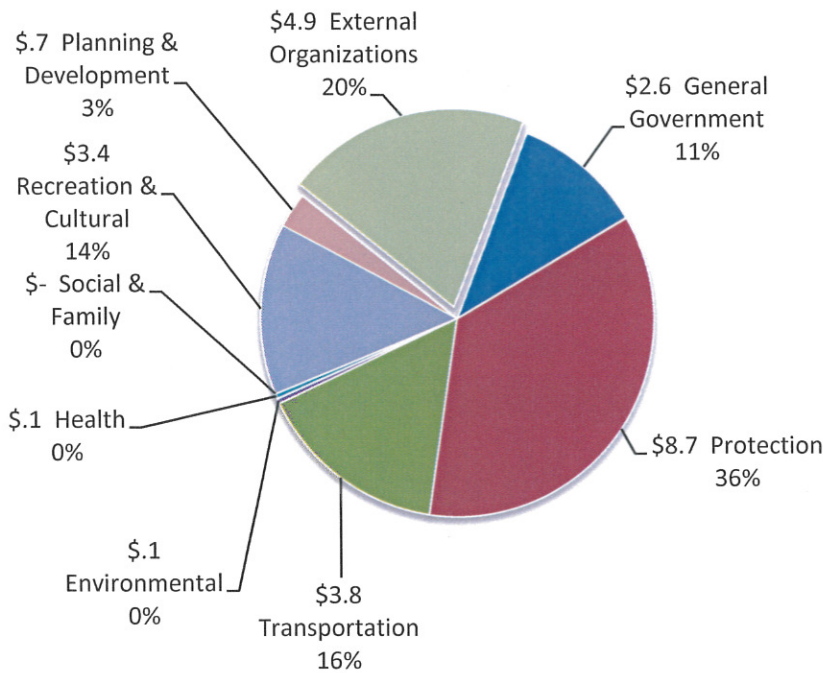
a General government	2,801	9.7%
b Protection	9,472	33.2%
c Transportation	4,330	15.2%
d Environmental	597	2.1%
e Health	1,871	6.5%
f Social & family	3,539	12.4%
g Recreation & cultural	4,597	16.1%
h Planning & development	1,364	4.8%
	\$ 28,571	100.0%

2012 Allocation of Tax Dollars

a General government	2,441	11.2%
b Protection	6,954	32.3%
c Transportation	4,170	19.4%
d Environmental	421	2.0%
e Health	1,420	6.6%
f Social & family	2,360	11.0%
g Recreation & cultural	3,024	14.1%
h Planning & development	733	3.4%
	\$ 21,523	100.0%

Net Program Costs & External Organizations

The net costs of the combined operating programs, before capital expenditures and reserve appropriations are projected at \$24.3 million for 2012, including transfers to external organizations. The most significant portion relates to Protection, representing \$8.7 million, or 36% of combined net program expenditures. The next most significant net program cost relates to funds given to external organizations at \$4.9 million (20% of combined net program expenditures), followed by Transportation at \$3.8 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)

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.

Budget Highlights

Net Program Costs & External Organizations

2012 Major Budget Impacts

Major factors impacting the City's 2012 budget deliberations (in thousands of dollars) included:

	Budget Impact	% Impact on Tax Rate
Major Tax Rate Impacts		
Wage Considerations	\$ 721	3.4%
Policing Cost	124	0.6%
External Organizations		
Mandated	(108)	-0.5%
Library / Museum / Dev Comm.	124	0.6%
New Debt Payment Obligations	33	0.2%
Net Residual City Impact	179	0.8%
1% impact on tax rate to build capital reserve	210	1.0%
	\$ 1,283	6.1%
Offsetting Incremental Revenues/Cost Reductions		
O.M.P.F. Provincial Funding Decrease	\$ 432	2.0%
Offsetting Adjustment to Contingency Reserve	\$ (742)	-3.5%
Incremental tax room due to assessment	(763)	-3.6%
	\$ (1,073)	-5.1%
Combined Major Impacts	\$ 210	1.0%

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:

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

Police Costs – There is an increase to the policing costs for the City in 2012 of \$124,000.

External Organizations - Mandated – In 2012, anticipated costs related to funding mandated to external organizations decreased by \$108,000. This estimate has been built into the City's 2012 budget.

Other External Organizations – Overall, the impact related to the other external organizations (more specifically the Kenora Public Library, the Lake of the Woods Museum and the Lake of the Woods Development commission) represents increased costs of \$124,000 for 2012. This is primarily related to wage related increases for these organizations.

Budget Pressures

2012 Major Budget Impacts

2012 Major Budget Impacts (Cont.)

New Debt Obligations – The City is responsible for debt issuance related to major capital projects that were included in the City’s 2011 budget. The total amount of the City’s obligation to longer term debt payments is \$590,292 which were phased in 2011, and an additional \$33,164 to be phased in 2012.

OMPF Provincial Funding Decrease – The City received an increased entitlement under the Ontario Municipal Partnership Fund (OMPF) amounting to \$876,300 in 2011. A total of \$742,300 had been transferred into the City’s contingency reserve which left the City with \$134,000 in incremental OMPF funding. The majority of the KPS disbandment costs were funded primarily through the City’s contingency reserve and this increase had offset some of the costs that were charged to the reserve. In 2012, the OMPF decreased by \$432,400. The City has reduced transfers to contingency due to the OMPF funding decrease. The City is continuing to lobby the Provincial Government for increases to the City OMPF funding as there are still inequalities in certain components of the OMPF funding when Kenora is compared to similar cities.

Incremental Tax Rate due to Assessment – This represents increased tax levy ability resulting from increased assessment, determined by applying 2011 tax rates to the 2012 City assessment. This also takes into consideration anticipated tax reductions as a result of some changes to the City’s tax base.

1% impact on tax rate – This represents the rate increase for 2012 in order to build up the capital reserves by \$209,774.

Acronym Listing

Acronyms are found in various City-related documents and reports. This list is intended to provide you with a quick look up for some of the most commonly used acronyms by the City in the operating budget.

AP&B – allocated pay & benefits

CE&CS – consulting/engineering & contracted services

DSL – diesel

M&S – materials & supplies

REC – recovery

R&M – repairs & maintenance

RNOE – rental of non-owned equipment

ROE – rental of own equipment

Budget Pressures

2012 Major Budget Impacts (Cont.)

Acronym Listing