

Operating Budget

2015

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 |
| Acronym Listing | 5 |

Budget Highlights

| | |
|--|---|
| Operating Budget Highlights | 6 |
| Net Program Costs & External Organizations | 7 |

Budget Pressures

| | |
|---------------------------|---|
| 2015 Major Budget Impacts | 8 |
|---------------------------|---|

Detailed Budget Schedules

| | |
|--|----------|
| General Purpose Tax Levy | Index 1 |
| 2015 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 | Index 9 |
| Applications of Reserves & Reserve Funds | Index 10 |





*Introductory
Information*

City Council

Kenora City Council

From Left to Right:

- ❑ Councillor Dan Reynard, Chair of Community Services
- ❑ Councillor Mort Goss, Chair of Economic Development
- ❑ Mayor David Canfield
- ❑ Councillor Rory McMillan, Chair of Business Administration
- ❑ Councillor Sharon Smith, Chair of Property & Planning
- ❑ Councillor Colin Wasacase, Chair of Emergency Services
- ❑ Councillor Louis Roussin, Chair of Operations

City Strategic Plan and Guiding Principles

The City's corporate Strategic Plan lays the foundation for the City's future. During 2014, we revisited our Strategic Plan to help guide and direct organizational decision-making over the next 5 years. The name for our new Strategic Plan is, Kenora: Our Vision is 2020.

The City's values as defined in the 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.

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 new Brand and Promise was given consideration throughout the City's budget process.



City Strategic Plan and
Guiding Principles

City Brand and Brand
Promise





Introductory Information

Operating Budget Principles

In developing and reviewing the municipal operating budget for 2015, 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.

Operating Budget Principles

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.

Acronym Listing

Acronym Listing

Acronyms are used throughout the City's Department Budgets. The following is a list of commonly used acronyms, together with their meanings, that are used throughout the department budgets included in Index #9 of the City's 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

This list is intended to provide a quick reference guide for operating budget users for the various commonly used acronyms.





Budget Highlights

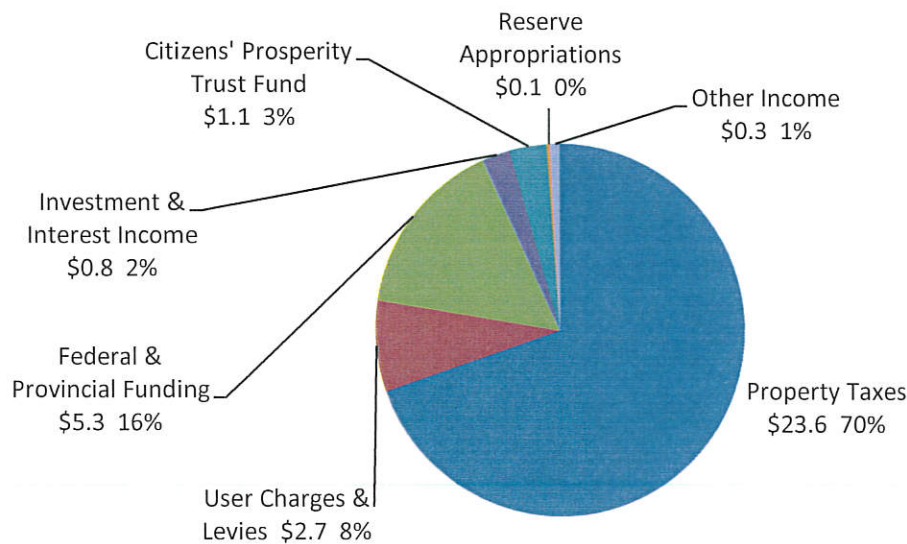
Operating Budget Highlights

The 2015 operating budget projects total operating expenditures of \$28.8 million, before capital expenditures and reserve appropriations. Combined operating, capital and reserve requirements total \$38.7 million.

In 2015, the City will raise \$23.4 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 2015 are projected to be federal and provincial funding of 16% and user charges and levies of 8% (excluding those for the utilities). In 2015, 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.

Operating Budget Highlights

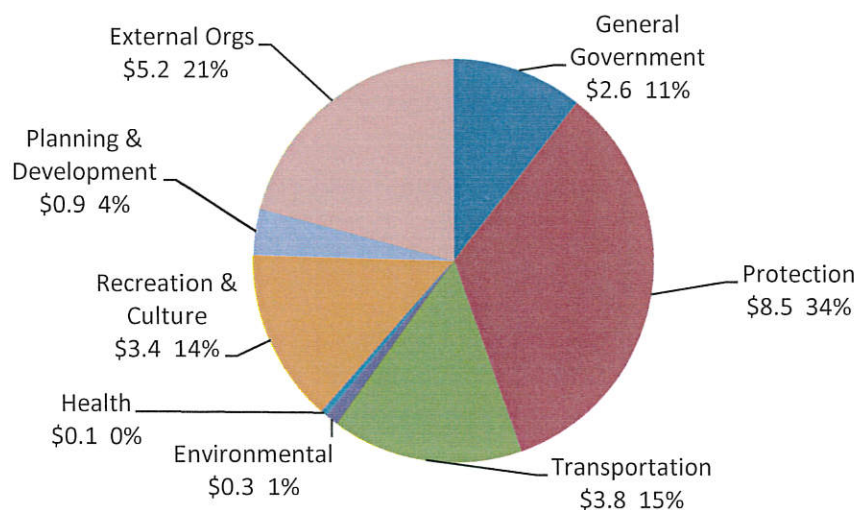
This does not reflect any revenues for capital expenditures or other non-capital special projects / unusual spending.



City of Kenora 2015 Operating Budget

Net Program Costs & External Organizations

The net costs of the combined operating programs, before capital expenditures and reserve appropriations are projected at \$24.9 million for 2015, including transfers to external organizations. The most significant portion relates to Protection, representing \$8.5 million, or 34% of combined net program expenditures. The next most significant net program cost relates to funds given to external organizations at \$5.2 million (21% of combined net program expenditures), followed by Transportation at \$3.8 million (15% 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 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, 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.



Net Program Costs & External Organizations





2015 Major Budget Impacts

Major factors impacting the City's 2015 budget deliberations (in thousands of dollars) included:

Major Tax Rate Impacts

| | | |
|---|------------|-------------|
| Wage Considerations | 353 | 1.6% |
| Increased reserve allocation to capital | 366 | 1.7% |
| Net Residual City Impact | -229 | -1.0% |
| | 490 | 2.2% |

2015 Major Budget Impacts

External impacts

| | | |
|--|-----------|-------------|
| O.M.P.F. Provincial Funding Decrease | 394 | 1.8% |
| Policing Cost Reduction | -324 | -1.5% |
| External Organizations | | |
| Mandated | -26 | -0.1% |
| Handi Transit / Library / Museum / Dev Comm. | 24 | 0.1% |
| | 68 | 0.3% |

| | | |
|-------------------------------|------------|-------------|
| Combined Major Impacts | 558 | 2.6% |
|-------------------------------|------------|-------------|

1% Tax Impact 218

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 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, negotiated wage settlements in accordance with current collective agreements as applicable and any adjustment to non-union wages as per City policy.

Police Costs – There is a decrease to the policing costs of \$324,477 for the City in 2015. These funds are being transferred to reserves to offset potential costs of the organizational review and to fund future capital projects.



City of Kenora 2015 Operating Budget

External Organizations - Mandated – In 2015, costs related to funding mandated to external organizations is anticipated to decrease by \$2,000. The net decrease is due to a drop in the required levy from the Kenora District Services Board which slightly more than offsets the increases in Pinecrest Home for the Aged and the Northwestern Health Unit.

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 \$24,241 for 2015.

Increased Reserve Allocation to Capital – In 2015, the reduction in policing costs is allocated partially to reserves, with the intent of using these funds on a forward basis to offset potential costs of the organizational review and to fund future capital projects. The remainder of the savings are passed on in the Net Tax Levy.

OMPF Provincial Funding Decrease – The City received notice that its entitlement under the Ontario Municipal Partnership Fund (OMPF) is being reduced by \$393,600 in 2015. 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.

