



CHIEF ADMINISTRATIVE OFFICER REPORT

TO: TOWN COUNCIL

FROM: Rachel Jones, Chief Administrative Officer

SUBJECT: 2020/21 OPERATING BUDGET & TAX RATES

DATE: 13 JUNE 2020

Further to the discussion and direction given to staff at the Committee of the Whole meeting on June 8, 2020, further work to develop a balanced budget has been done. The resulting document, 2020/21 Draft Operating Budget V.2 is attached for consideration.

As a summary, staff were directed to consider the following areas for changes to staffing, service levels and/or programming:

- arena operations
- Recreation Director position
- Capitol Theatre operations/revenues
- travel expenses
- NSCC Foundation Funding (defer for a year)
- fuel costs
- community/economic development
- school enhancement fund
- audit fee
- minimal or no property or sewer tax rate increase

From the preliminary draft budget, an estimated \$130,000 was needed to balance the budget. Since that time, the Department of Housing has confirmed its Net Operating Loss which is passed on to municipalities each year. Always an unknown number, we had budgeted \$19,100 for this year (similar to the previous year), but it has been communicated that the amount will be \$23,536, which will adjust the 2019/20 year-end numbers. They have provided a range that they expect to meet for this year, so the higher end of that range has been incorporated into this new draft budget.

With the revenue of approximately \$7,200 with a one-cent increase to the tax rate, raising taxes and trimming a budget that is already critically lean will not be enough to produce a balanced budget. There are core municipal government services and responsibilities that are required, which must be fully funded, along with mandated payments to the Province of Nova Scotia for

corrections, policing, housing, education, property assessment, and library services. To that end, recreation, economic development, community development, and external organization funding (outside of the provincially mandated payments) are all services that are not mandated to be delivered through municipal governments.

A large portion of the Town's budget is salaries for staff. Increased requirements for financial and other types of provincial reporting, operation of our water and wastewater systems, occupational health and safety, as well as Department of Labour and Department of Transportation requirements all have impacts on workload and the requirement for all staff to work within certain levels of activity and accountability. Ensuring the proper skill sets and having enough employees in the administration office to provide segregation of duties through the financial processes is extremely important. This has been supported by the Provincial Government, as well as the staff at the Municipal Finance Corporation and our independent Auditor. Less than three people within those processes opens the Town's operations to more error and potential fraud. This is not an area that is wise to reduce staffing in. The organizational review conducted last fall indicated that our Public Works Department operates at the minimum level to ensure operation of our water, storm, and wastewater systems, as well as provide general services around winter maintenance, facilities, and minor construction.

There is not a significant amount of savings to be found by closing the Capitol Theatre for the season. There could be some reduction in utilities, but insurance and other general costs would not amount to a large value. Additionally, if the COVID-19 restrictions in the future will allow for smaller gatherings, the social advantage to providing a local facility for meetings and cultural activities will be very important as we move to our new normal post-COVID-19.

Similarly, travel expenses are not a significant portion of our budget, and conference registration and attendance this year for NSFAM and AMANS events will not happen. There may be opportunity over the course of the year to attend certain meetings and/or workshops, particularly as a new Council will be put in place after the October 2020 municipal election, therefore a small sum is a proactive thing to have in the budget. Fuel costs, although low now, may not be in the future. This is always a significant variable and it is better to have it in the budget and not require it rather than the opposite. It is not wise to try to balance the budget by cutting products and services that we know we will need and cannot control the prices of.

The school enhancement fund is a two-sided issue. There was a long term borrowing that took place in 2009 for \$100,000 that was, as I believe, intended to fund the proposed community room in the new school. The funds were borrowed, but the community room never materialized due to space constraints in the new building. The Town repays \$10,000 plus interest each year on this borrowing that will be fully repaid in fiscal year 2021/22. Additionally, there seemed to be a pattern of funds being deposited into a special capital reserve for the school enhancement project. Beginning in 2009 and for an addition three fiscal years after that, a total of \$60,521 was put into the reserve fund. Staff are researching where these funds are now held and what they are legally allowed to be used for. This is a capital fund and cannot be brought into the operating budget to balance it.

The school enhancement fund and some other areas in the past around financial management lead me to recommend that the \$20,000 audit expense remain at that level. Again, if we don't end up needing the full amount, it will be a savings for the Town as we move toward a clearer financial path.

Areas that are not core essential services that the Town of Oxford offers are Recreation and Economic Development. As such, the total budget for staff and programs within Economic Development is just under \$40,000 with half of that for wages. This area provides support and information to our general business sector, contributes to the promotion of Town events and branding, and provides support in communication to the general community through newsletters, social media, and newspaper articles. Although there are other regional business supports through the Amherst Area Chamber of Commerce and the Cumberland Business Connector, the supports and focus on the small owner/operator businesses in Oxford is significant and important.

A large expense for the Town is the operation of the Arena. When the revenues of signage and user fees, along with any grants received, are put against the wages and operating costs of the facility, the remaining cost that is strictly an expense for the Town is approximately \$100,000. To add to the issue, our current Recreation Director/MPAL has resigned from the Town to move on to another opportunity, effective the end of June. This position is a one-person department, with the addition of managing the sports facilities and staff (arena, ball field, tennis court, parks). The probability of recruiting a highly qualified candidate with the current wage and workload is questionable. The Town has been extremely fortunate to have a local staff member who was able to grow into the position in the past.

As a result, the second draft of the 2020/21 Operating Budget has been developed based on service and staffing reductions in the Recreation category of the budget. With the proposed closure of the Arena for this coming year, along with the reduction of the two arena staff and the Recreation Director, the Town will have the ability to maintain all other service levels and staffing that are currently in place, keep tax and sewer rates at last year's levels, cover the operating deficit from the previous year, and contribute just under \$30,000 to a quickly dwindling operating reserve fund. Through the final year-end audit process, this amount may vary, but that will give us the capacity to allow for change without impacting the overall operations of the Town as they are laid out in the draft budget. If council will recall, the financial Condition Index Action Plan indicated that reducing/retiring debt and building reserves were critical factors in ensuring the Town's overall financial health moving into the future.

With these reductions, I am recommending that the Town continue to honour its signed agreement with NSCC to contribute the annual \$5,000 for the second year of a five-year agreement. Should there be additional restraints on future budgets, the Town can reassess its ability to continue its contributions at that time. After having contact with NSCC on this matter, they are willing to work with the Town if Council still is of the opinion that the \$5,000 is better to be deferred for this fiscal year.

	Draft 20-21	Actual 2019/20	Draft Budget 19-20		
REVENUE	Reduction of Recreation Director and closure of Arena for 20/21				
Tax Revenue					
Residential Tax	786,205	775,494	778,151	no rate increase	0.016874
Commercial Tax	1,021,039	1,019,236	1,021,039	no rate increase	0.041557
Agreement O.F.F.	0	0	-		
Resource Tax	10,786	10,712	10,712		
Forest (Under 50,000 Acres)	182	182	182		
Business Occupancy Tax	0	0	-		
Based on Revenue - Aliant	3,700	2,936	3,700		
Sewer Rates	181,000	181,439	176,153		
Deed Transfer Tax	12,000	18,342	12,000	Anticipated reduction due to COVID	
Total Taxes	2,014,912	2,008,340	2,001,937		
Grants in Lieu					
Federal Government - Canada Post	2,500	2,696	2,390		
Federal Government - RCMP	22,000	22,295	21,377		
Provincial Government - DNR	15,000	16,104	15,492		
Provincial Government - Liquor Comm	8,500	5,534	9,197		
Total Grants in Lieu	48,000	46,628	48,456		
Services to Other Governments					
Cumberland County - Fire Protection	57,000	57,452	57,658		
Total Services to Other Governments	57,000	57,452	57,658		
Own Source Revenue					
Arena - Ice Rentals	0	37,082	48,000		
Arena - Fish and Game Show Revenue	0	4,700	2,000		
Arena - Sign Rentals	0	3,450	2,000		
Arena - Fun Hockey Registrations	0	1,970	1,500		
Soccer Program Registrations	0	1,580	1,500		
Steve Nash Basketball Registrations	0	0	-		
Free Skate Program	0	0	2,500		

	Draft 20-21	Actual 2019/20	Draft Budget 19-20
Special Program Registrations	0	460	500
Community Garden - Grant Funding	0	0	1,500
Strawberry Festival Revenue	0	729	4,500
Junior NBA	0	2,020	3,000
Tennis	0	60	-
Heritage Gas Revenue	20,000	38,173	16,500
Theatre Revenue	1,000	2,424	2,300
Dog Licences	50	65	100
Building Permits	1,000	2,750	500
Sub Division Plans	0	0	-
Fine Revenue	750	1,611	500
Office Rent Water	5,500	5,500	5,500
Medical Centre Rents	20,000	19,130	25,000
Probation Office Rent	0	3,000	2,600
Interest on Investments	0	0	2,500
Interest on Taxes	25,000	30,649	20,000
A/R adjustments	0	0	-
Tax Certificates	500	800	100
Communities in Bloom Revenue	0	0	-
Sales of materials	3,000	8,812	3,000
Total Own Source Revenue	76,800	164,967	145,600
Unconditional Transfers			
Equalization Grant	178,171	178,171	178,171
Farm Acreage Grant	2,657	2,657	2,657
HST Offset Payment	7,000	3,288	10,000
Total Unconditional Transfers	187,828	184,116	190,828
Conditional Transfers			
EMO Grant Civic #	1,000	1,000	1,000
CNTA Grant - VIC	0	0	-
Fed Gov Funding - Summer Students	7,028	3,468	3,470
Comm Enhancement Grant Funding	0	0	-

Projected by Heritage Gas

	Draft 20-21	Actual 2019/20	Draft Budget 19-20	
Total Conditional Transfers	8,028	4,468	4,470	
Other Transfers				
Gas Tax Revenue		0	-	
County Funding - Arena	0	20,000	20,000	
MPAL Funding Province	0	15,000	15,000	
Grants from Prov - Sinkhole Study	0	68,500	-	
Grants from Other Organizations	5,000	4,602	10,000	Beautification Grant
Transfer from Surplus	0	26,690	26,690	
TRANSFER FROM OPERATING RESERVE	0	0	-	
Transfer From Local Fire Assoc	10,000	10,000	10,000	
Interest on CRA Refunds	0	10	-	
Land Sales	0	5,175	-	
Total Other Transfers	15,000	149,977	81,690	
TOTAL REVENUE	2,407,568	2,615,947	2,530,639	
EXPENSE				
General Government				
Mayor Honorarium	9,011	9,011	9,011	Honorarium reset at current levels
Mayor Expenses	2,500	1,092	2,500	
Council Honorariums	27,000	26,433	25,231	
Council Expenses	5,000	5,062	12,000	new Council orientation
Salary - CAO	62,513	65,339	85,000	Refined calculations on salaries
Salary - Accountant	31,500	7,633	-	
Salary - Deputy Clerk	30,200	30,841	41,100	
Salary - Office Staff	25,116	35,692	40,000	
Admin Salaries paid by Water	-64,000	-	(52,267)	
Legal Fees	5,000	3,150	5,000	
CAO Contracted Services		17774	-	
Accounting Contracted Services	5,000	1,596	35,000	
Canada Pension Plan	20,000	18,857	17,500	

	<u>Draft 20-21</u>	<u>Actual 2019/20</u>	<u>Draft Budget 19-20</u>
Employment Insurance	9,000	8,214	8,500
Health Plan (Blue Cross)	3,000	1,684	3,000
Pension - CAO		0	-
Pension - Employees	20,000	18,101	18,103
Xmas Bonuses	850	775	675
Professional Development	1,500	1477	-
CAO Seminars & Travel	3,000	2,872	3,000
Audit Fee	20,000	21,906	15,000
Town Hall Insurance	1,750	1,479	1,750
Office Postage	4,200	3,980	3,900
Office Supplies & Advertising	12,000	14,240	10,000
TownSuite & IT	7,000	7,751	6,000
Office Programmer		36799	-
Town Hall Janitor & Supplies	6,000	5,807	4,000
Town Hall Telephones	8,000	9,294	7,242
Town Hall Electricity	5,000	5,230	4,209
Town Hall Natural Gas	8,000	7,051	8,764
Town Hall Water	350	338	296
Town Hall Sewer	306	306	300
Workplace Wellness		175	-
Town Hall Maintenance	15,000	16,248	10,000
Municipal Election	10,000	0	-
Bond Insurance		0	-
Losses on Appeals/Habitat Subdiv		0	-
OPH Grant		0	-
Lion's Club Rental		0	-
Conferences and Workshops	3,000	10,373	8,000
Public Official Liability Ins	3,000	2,250	3,000
Dues - UNSM/FCM/CNTA/POL BD	6,000	5,740	3,300
Exhibition/Transport Society Grants	0	1,500	1,500
YMCA Grant	0	0	-
ORHS Bursary	500	500	500
NSCC Foundation	5,000	5,000	5,000
Oxford Sinkhole		101,551	-

	<u>Draft 20-21</u>	<u>Actual 2019/20</u>	<u>Draft Budget 19-20</u>
COVID-19	5,000	86	-
PVSC - Assessment Costs	18,892	19,005	19,043
Valuation Allowance - Taxes		-	(1,500)
Bad debts other		0	-
Interest Town Hall 2013 MFC	982	1,142	1,045
Interest on Backhoe Loan	1,125	1,125	7,800
Interest Short Term Borrowings		0	-
Bank Service Charges		9,981	6,000
Deficit of Prior Years	99,458	0	-
MFC Int - School Enhancement	622	1,022	1,022
Cash Over/Short		-6	
Credit Card Fees & Interest		691	-
Total General Government	437,375	546,163	379,524

Protective Services - Police

Admin - Salary		0	-
Admin - Audit		0	-
RCMP Contract	505,605	461,448	508,608
School Crosswalk Guard	7,200	7,290	8,700
Prosecuting Attorney Fee	500	300	-
Corrections	15,000	14,966	14,966
Total Police	528,305	484,004	532,274

Fire

Admin - Salary		0	-
Admin - Audit		0	-
Fire Inspection Cost		0	-
Firefighters Honorariums/Incentives	17,000	16,030	14,495
Fire Phones	2,700	2,764	2,500
Fire Communication System	17,000	8,089	12,000
Public Fire Protection Charge	120,935	120,935	115,407
Fire Chief's Convention	-	4,476	3,000
Fire Training	7,500	6,519	7,500

TMR Radio wiring

	Draft 20-21	Actual 2019/20	Draft Budget 19-20
Fire Hall Lights & Power	4,000	3,260	4,162
Fire Hall Natural Gas	7,200	7,195	8,538
Fire Hall Insurance	3,800	3,732	3,807
Fire Hall Maintenance	5,000	4,167	5,000
Firefighters Liability Insurance	2,500	2,500	2,500
Fire Hall Water	500	-	100
Fire Hall Sewer	306	306	300
Fire Trucks Insurance	3,700	3,687	3,520
Fire Trucks Fuel	2,200	2,119	2,600
Fire Trucks Repairs & Maintenance	15,000	13,852	15,000
Fire Equipment & Supplies	15,000	15,478	10,000
Fire Equipment Repairs & Maint	4,500	4,458	2,000
Fire Training Ground Project	0	0	-
Fire Truck Pumper/ Tanker	0	0	-
Fire B.A. - MFC Interest	453	495	418
Fire Truck 2005 MFC Interest	0	0	-
Fire Truck 2005 MFC Principal	0	0	-
Fire New Hall - MFC Interest	9,327	11,627	9,971
Interest MFC 2018 B.A.	-	1,037	1,037
Total Fire	238,621	232,726	223,854
Emergency Management			
REMO	5,500	5,476	5,476
EMO Expenses	500	500	500
EMO SHRU Funding	619	619	619
Total Emergency Management	6,619	6,595	6,595
Other Protective Services			
Building Inspection	7,000	7,000	7,000
Animal Control	1,000		1,000
Other Protective Services	0	0	-
Total Other Protective Services	8,000	7,000	8,000

hasn't been charged since 2008

	<u>Draft 20-21</u>	<u>Actual 2019/20</u>	<u>Draft Budget 19-20</u>	
Transportation Services				
Salary - PW Supervisor	31,000	30,201	30,000	
Labour - PW	87,700	88,490	120,000	refined salary calculations
Summer Students	5,500	0	-	
Supervisor Phone	1,600	1,795	1,638	
Town Truck	9,000	6,442	9,000	
Supervisor Truck Allow	-	0	-	
Loader and Plow	2,000	3,915	2,000	new pins required
Generator	60	881	60	
Tractor	7,000	11,434	7,000	
Backhoe Lease Etc (expenses)	1,500	1,499	8,299	
Roller	-	0	-	
Air Compressor	-	0	-	
Salt Truck	5,000	5,561	5,000	
Small Tools & Equipment	5,000	7,659	5,000	
OPH Insurance	200	179	161	
OPH Expenses	300	261	269	
OPH Taxes	2,300	2,342	2,277	
Town Garage Insurance	500	2,531	396	
Town Garage Fuel (Wood)	1,500	350	1,500	
Town Garage Maintenance	1,500	1,803	1,500	
Town Garage Phone	260	222	258	
Town Garage Water	-	0	-	
Town Garage Electricity	4,000	4,305	4,000	
Workers Compensation	12,000	11,437	10,000	
Liability Insurance	12,800	15,324	12,800	
Diesel	13,000	12,867	13,000	
Oil	-	957	-	
Gasoline	9,000	8,324	9,000	
Oxygen	-	0	-	
Sundry	1,100	529	1,100	
Clothing	3,000	2,637	1,200	
Health and Safety	5,000	2,537	5,000	
Salt	30,000	34,009	15,000	

	Draft 20-21	Actual 2019/20	Draft Budget 19-20
Road Repairs	-	0	-
Street Maintenance	25,000	37,887	25,000
Street Lighting	7,000	6,741	6,500
Street Lights Reim back to Cap Res		0	-
Main Street Phase 2 - MFC Int	2,705	4,392	4,392
Main Street 2008 MFC Interest	0	0	-
Main Street 2008 MFC Principal	0	0	-
Capital from Revenue Salt Shed	0	0	-
Loader 2013	0	671	671
Paving 2017	0	0	-
Paving/Sidewalks 2016-MFC Interest	5,662	6,191	6,191
Sidewalks - 2014	0	0	-
Salt Truck 2016 - MFC Interest	1,062	1,161	1,161
Honda Snowblower	0	0	-
Total Transportation	293,249	315,535	309,373

Environmental Health Services

Sewer Admin Supervisor	18,000	-	18,000
Sewer Other Labour	35,000	49,624	24,000
Sewer Safety Equipment	2,000	-	2,000
Sewer Maintenance	6,000	8,097	6,000
Sewer Power	32,000	33,977	30,000
Sewer Lagoon MFC Interest	0	-	643
Sewer Lagoon MFC Principal	0	0	-
Transfer Station Contract (FERO)	95,000	80,572	95,000
Tip Fees	30,000	42,131	20,000
Total Environmental Health	218,000	214,402	195,643

includes employee wages, contract, testing

Public Health & Environmental Devel

Medical Centre	31,000	28,998	30,300
Deficit Regional Housing Authority	26,400	23,536	19,100
Planning - Town of Amherst	17,000	15,643	16,000
Interest Medical Centre 2013 MFC	614	804	1,608

	Draft 20-21	Actual 2019/20	Draft Budget 19-20	
Lease Natural Gas Boiler Med Cent		3,411	3,750	
Tree Expense/Trail Reserve	5,000	5,132	5,000	
Community Eco Dev/Tourism	38,100	26,988	27,800	includes signage and kiosks
Cumberland Business Connector		10,000	8,100	
Communities in Bloom	2,000	6,437	5,800	
Total Public Health and Envir Dev	120,114	120,949	117,458	
Recreation and Cultural - Arena				
Arena Labour	5,200	70,889	58,700	
Arena Telephone	650	535	616	
Arena Electricity	10,000	47,423	45,192	
Arena Maintenance	10,000	59,941	35,000	
Lease Natural Gas Boiler Arena	7,580	3,168	7,580	
Arena Natural Gas	3,500	6,452	7,009	
Arena Water	1,000	2,254	2,242	
Arena Sewer	306	306	300	
Arena Insurance	1,600	1,806	1,598	
Arena Maintenance - Energy Upgrades	0	0	-	
Arena 2008 MFC Interest	0	0	-	
Arena Dressing Room 2013 MFC Int.	0	107	107	
Arena 2013 MFC Interest	1,350	1,640	1,528	
Arena Chiller - MFC Int	329	1,883	562	
Arena BAS 2018 MFC Interest	1,187	562	1,883	
Total Arena	42,702	196,968	162,316	
Fields and Library				
Xmas Lights	1,000	980	1,500	
Tennis Courts	1,000	0	-	
Trails	1,000	0	-	
Ballfield	2,000	1,444	3,000	
Skateboard Park	1,000	0	-	
Mural Lights	500	260	500	
Library Expense	6,000	11,140	10,500	

	Draft 20-21	Actual 2019/20	Draft Budget 19-20
Regional Library Board Transfer	7,680	7,680	7,680
Total Fields and Library	20,180	21,504	23,180

Theatre

Theatre Movies	0	0	-
Theatre Telephone	0	0	-
Theatre Electricity	3,000	4,580	2,811
Theatre Expense	300	290	200
Theatre Maintenance	2,000	1,919	1,500
Theatre Natural Gas	3,500	2,281	4,500
Theatre Water	350	300	300
Theatre Sewer	306	306	300
Theatre Property Tax	2,000	1,966	1,966
Theatre Insurance	200	150	400
Total Theatre	11,656	11,791	11,977

Recreation

Recreation Community Garden Project	500	171	1,000
Recreation Co-ord Salary	5,000	38,384	33,000
Recreation Co-ord Travel	0	1,179	1,200
Recreation Summer Students	0	9,898	8,500
Recreation Office Supplies	0	0	-
Recreation Postage	2,000	2,121	1,800
Recreation Advertising	200	84	-
Recreation Telephone	500	547	491
Recreation - Strawberry Festival	0	593	2,500
Recreation - Summer Soccer Program	0	815	1,000
Recreation - Tennis Program	0	-	100
Recreation - General Programs		14,939	12,000
Total Recreation	8,200	68,731	61,591

Fiscal Services

MFC Principal - 2011 School Enhan	10,000	10,000	10,000
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	<u>Draft 20-21</u>	<u>Actual 2019/20</u>	<u>Draft Budget 19-20</u>
MFC Principal - 2016 Breathing App	3,200	3,200	3,200
MFC Principal - 2018 Breathing App	7,400	7,400	69,700
MFC Principal - 2013 Fire Hall	69,700	69,700	5,000
MFC Principal - 2013 Med Cent	5,000	5,000	43,000
MFC Principal - 2011 Main Phase 2	43,000	43,000	47,500
MFC Principal - 2016 Paving/Salt Tr	47,500	47,500	7,100
MFC Principal - 2013 Town Hall	7,100	7,100	10,200
MFC Principal - 2013 Arena	10,200	10,200	5,500
MFC Principal - 2011 Arena Chiller	5,500	6,200	30,200
MFC Principal - 2014 Loader	0	5,500	18,800
MFC Principal - 2014 Fire Hall #2	0	30,200	4,800
MFC Principal - 2014 Arena	0	18,800	13,600
MFC Principal - 2018 Arena Auto	6,200	4,800	9,979
Backhoe lease principal	6,912	6,912	-
Interest ST Borrowings		-	-
Bank Service Charges		0	-
Non Ded Penalties and Interest		25	-
Debenture Discount	0	0	-
Assessment Costs	0	0	-
Capital expenditures from revenue	0	0	-
Transfer to Reserves	28,835	0	-
Deficit of Prior Years	0	0	-
Valuation Allowance	0	0	-
District School Board	224,000	223,782	223,782
Total Fiscal Services	474,547	499,319	502,361
TOTAL EXPENSE	2,407,568	2,725,688	2,534,147
NET INCOME	0.43	-109740.28	-3507.85