



OPERATING BUDGET

2024-2025

PRESENTATION TO COUNCIL | MAY 10, 2024



SUMMARY

Enclosed are the highlights of the 2024-25 operating budget and reserve, which outlines the major changes from year to year, the current year strategy to support residents and provide additional needed services for our municipality.

There is no recommended change in residential or commercial rates. Interest rates shall remain stable. With increased assessments to our taxpayers, Council determined that a sharp increase in low-income exemptions provided the best support to the people who need it the most. Sewer rates are mostly stable.

The last two years resulted in sharp increases in costs to Argyle, with school and policing being the leading causes. A recent and timely funding agreement with the province was instrumental in eliminating housing and corrections costs to relieve some pressure on our taxpayers.

OPERATIONS 2025

The council is pleased to present highlights of the 2024-2025 operating fund and reserve. The Operating budget outlines how Council priorities for its community will be funded. The council is aware of inflation and the burden placed on our residents. The Municipality is also experiencing large increases in costs but, at the same time, is committed to aiding those who need it the most. It is why Council approved a massive increase in assistance to low-income families instead of decreasing residential and commercial rates for all payers. Our contribution to low-income families was doubled to \$94,000. This strategy ensured that those in lower to middle class incomes could take advantage of a rebate in property tax.

OPERATING FUND VS RESERVE

The Operating Fund is the day-to-day operations of the budget. It highlights all major revenues and expenditures of the Municipality, except for any capital projects. All taxation rates and services rendered are recorded in this fund. It does not carry any surplus; it operates from year to year.

The intent of the Operating Reserve is to receive any annual surplus (or pay out any deficit) from or to the Operating Fund. Basically, it is a savings account, used only when needed to support unanticipated events. Historically, it has not paid out a deficit in over 20 years and has been used to fund one-time operational commitments.



Le Village Historique Acadien de la Nouvelle-Ecosse



MUNICIPAL Goals & Objectives

- Accelerate & support economic growth across & inside the Municipality.
- Improve governance & community representation.
- Keep our business and residents safe.
- Plan & deliver a modernized municipal service.
- Provide a welcoming, healthy & inclusive environment for our residents & visitors.



CAPITAL PRIORITIES

- Track & Field completion.
- East Pubnico Water Tank retrofit.
- Mariners Centre Expansion
- Expansion of JE Hatfield Court and sewer to accommodate growth.



EMPLOYEE SUPPORT

- Hiring of Housing Coordinator to lead housing needs in Argyle.
- Support and coordination for CMA 2024 hosted event.

OPERATING FUND

RATE OVERVIEW

As mentioned in the summary, there are no increases in Residential or Commercial tax rates, but there are adjustments to wastewater (sewer) rates. Operating rates are determined annually, and capital rates are usually determined once at the end of a capital project. The following is a comparison of rates for ease of review and understanding.

<i>Residential</i>	<i>1.11/\$100 of assessment (no change)</i>
<i>Commercial</i>	<i>2.29/\$100 of assessment (no change)</i>
<i>Resource</i>	<i>1.11/\$100 of assessment (no change)</i>

Fire area rates

<i>West Pubnico</i>	<i>9.0 cents per \$100 (no rate change)</i>
<i>Wedgeport</i>	<i>7.0 cents per \$100 (no rate change)</i>
<i>Eel Brook</i>	<i>12.5 cents per \$100 (no rate change)</i>
<i>East Pubnico</i>	<i>5.0 cents per \$100 (no rate change)</i>
<i>Quinan</i>	<i>10.0 cents per \$100 (no rate change)</i>
<i>Islands and District</i>	<i>8.0 cents per \$100 (no rate change)</i>
<i>Amirault's Hill/H point</i>	<i>no area rate charge</i>
<i>East Kempt</i>	<i>3.0 cents per \$100 (no rate change)</i>
<i>Lake Vaughan</i>	<i>5.0 cents per \$100 (no rate change)</i>

Water operating rates (East Pubnico)

Various rates, increase of 3.2% in 2024-2025

Wastewater (sewer) operating rates

<i>West Pubnico</i>	<i>\$440 (2023 - \$440, no change)</i>
<i>Tusket</i>	<i>\$355 (2023 - \$345, increase of \$10)</i>
<i>Wedgeport</i>	<i>\$175 (2023 - \$210, decrease \$35)</i>

Interest rate on overdue accounts

<i>All residents</i>	<i>13% (no rate change)</i>
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REVENUES

TAXATION

Our major source of revenues has and remains to be taxation revenues, specifically Residential, Resource and Commercial taxes. These three items represent 81% of revenues before fire rate collection. This is trending upward from 79% last year. Fire and water area rates amount to 9% of the total revenues projected. All these taxes are based on your property assessment, and the rate we approve. The assessment is generated by the PVSC, which is a third-party assessment service. The rate is Council's to approve.

Commercial, Resource and Residential tax amount to 81% of all revenues!

Overall, the assessment rates increased about 8.15%, down from 11.10% last year. Other than assessment increases, revenues may also be increased by new commercial or residential growth.

OTHER TAX DRIVEN REVENUES

Deed transfer taxes are generated annually and are a 1% fee charged to a new property owner. The last two years have seen record growth in this area, and we expect the number to drop this year. Virtually all municipalities have implemented this tax, which is done so through a Municipal Bylaw.

Property assessments have increased 8.15% overall without any rate increases!!

Some government units and quasi government units pay Argyle a grant in lieu of taxes – which means the calculation of taxes owing to us is not based on assessment, rather a pre-determined formula. NS Power, Bell Aliant Telecommunication, and the Provincial and Federal governments pay this to Argyle annually.

The province provides most municipalities with an operating grant with no conditions. Formally named the Equalization grant, now Municipal Capacity Grant, it is designed to support the delivery of basic services, fire, policing, solid waste.

Finally, both Provincial and Federal funds may be available to support operational and small capital projects. These funds are conditional on the projects going ahead and monies spent; no expenditure, no revenue.

REVENUES (CONT'D)

SALES OF SERVICES AND OTHER

The Municipality has many different types of internal revenues. First and foremost, Argyle sells wind and solar power to NS Power through the COMFIT program. This is outside of our net zero energy concept at the Municipal building. The wind turbines are co-owned with the Town and Municipality of Yarmouth and are in Wellington. The solar arrays are both installed on the roofs of our Treatment plant in West Pubnico and at the fire hall of the West Pubnico Volunteer Fire Department. Solar panels were also installed in East Pubnico which became operational in 2022-2023.

Argyle has investment income it collects each year. Interest income on our investments in the Operating and other Funds, and interest on overdue taxes. We also generate fees from specific services, including fees from day camp, building permits and subdivision, dog tags, and other licenses and permits.

You will find in the schedules attached a high-level operating budget for 2023-2024, along with associated pie charts outlining revenues and by source.

In brief, we shall include an overview of revenues presented to Council for approval.

Revenues at a glance (rounded)

	<u>Budget</u> <u>Last Yr</u>	<u>Actual</u> <u>Last Yr.</u>	<u>Budget</u> <u>Current Yr.</u>
Residential and Resource taxation	6,407,500	6,403,000	6,879,000
Commercial taxation	1,601,000	1,587,000	1,782,000
Fire, water and sewer rates	915,500	902,000	965,000
Grants in Lieu of taxes	286,000	290,000	284,000
Deed transfer taxes	235,000	252,000	190,000
Sales and services provided to other government	205,000	235,000	221,000
Revenue from own sources	315,000	436,000	391,000
Unconditional transfers from other governments	162,000	162,000	192,000
Conditional transfers from other governments	<u>80,000</u>	<u>106,000</u>	<u>83,000</u>
Totals before internal transfers	10,207,000	10,373,000	10,987,000
Transfers from Operating & Capital Reserves	<u>420,000</u>	<u>283,000</u>	<u>330,000</u>
Total Revenues – Operating Fund	10,627,000	10,656,000	11,317,000



EXPENDITURES

OVERALL OBSERVATIONS

Overall, we are experiencing increases in many aspects of the delivery of services to our residents. From the perspective of a taxpayer, much of the cost concerns that are applicable to them in their everyday living is similar in our operation.

Inflation is a big driving factor in the increased cost of service delivery!

Expenditures have grown 6.1% over prior year actual expenditures with considerable increases in Policing Services, School Board allocations and Garbage Collection and Disposal. Due to a successful negotiation with the Province of Nova Scotia, the province has absorbed all housing costs (for subsidized housing projects) and correctional services. These two items alone shall reduce Argyle costs in this area by \$150,000 per year.

MANDATORY EXPENDITURES

Of the expenditures listed above, Policing Services and Corrections are all controlled by the Province of Nova Scotia. Increases to Policing services was due to a negotiated increase in compensation to all RCMP officers across Canada, and it meant a 6.1% increase in costs for Argyle, and 12% over two years. School Board costs are driven primarily by assessment values, as they increase, so do these costs. That cost rose 11% this year. Other mandatory costs that have seen little to no change include costs for assessment services (PVSC) and Corrections services (Provincial Service). Below is a highlight of the major expenditures to assess for the coming fiscal year.

Mandatory expenditures and services account for 69% of your total expenditure budget!

GENERAL GOVERNMENT SERVICES

All administrative costs are included in this section, including CAO, Finance, IT services, legal, office related costs, employee benefits, financial audit, insurance, and other common costs. This grouping also includes costs associated with Assessment Services, and Grants to Organizations. New this year are investments in a Fire Services Review, which is a one-time investment in improving fire services. It also includes an important increase in the low-income exemption. Increases in the low-income thresholds occurred again this year, amounting to the largest tax rebate in Argyle history; focusing on those who need it the most. Overall costs for this department increased by \$95,000, or 4% over last years budget.

General Government Services costs include increases in insurance and investment in fire departments!



EXPENDITURES (CONT'D)

PROTECTIVE SERVICES

RCMP costs have increased 6.1% this year, and 12.2% in two years. \$102,000 saved in correctional costs!

Protective services include many departments and costs, some external services and some delivered internally. External services include policing services, correctional services, and fire protection. These services are typically paid for by us but not delivered by us directly.

Internal protective services would include our Department of Operational Services and Department of Protective Services. Training in wastewater and building inspection remains a staff priority. Service delivery in these departments also includes regional emergency management, bylaw enforcement, firefighting services and improvements and fire inspection services. Overall costs for this grouping increased by \$1,300 (rounded). Increases in costs in all sectors of protective services were offset by the elimination of correctional services, now absorbed by the province.

TRANSPORTATION SERVICES

Contributions to Yarmouth Airport represent 70% of all Transportation costs.

Transportation services include airport subsidy, active transportation and contributions to the province for the maintenance of 7 kms of municipal roads. There is a new proposed investment in public transportation for a new service proposal from HOPE Dial a Ride. Costs for this department have remained rather consistent, with a small decrease in Airport funding from last year's budget. Total transportation services is expected to increase by 47,000, or 19% from the prior budget, mostly due to the addition of public transit options to our residents.

ENVIRONMENTAL HEALTH SERVICES

66% of Environmental Health Services costs are attributable to Garbage Collection and Disposal.

This service cost includes all wastewater (sewage) collection and disposal, industrial water utility costs, and solid waste (garbage) collection and disposal. Argyle expects a 6% increase in solid waste, with all other services remaining steady. Garbage collection is subject to a multiyear contract for collection which will expire at the end of March 2025. The total increase from this grouping is \$62,000, or 5.2% when compared to prior year estimates.



EXPENDITURES (CONT'D)

Public Health Costs are to fund a regional recruitment navigator for new doctors!

PUBLIC HEALTH SERVICES

This year represents the first year where our medical clinics will be leased to the NS Health Authority. All remaining costs relate to the hiring and support of a doctor recruitment navigator, that works for and is cost shared by the County. The municipality should have cost savings of \$23,000, or 38% when compared to prior year estimates.

Regional and local tourism costs account for 46% of development services!

ENVIRONMENTAL DEV'T SERVICES

This cost grouping includes multiple activities, including Planning services, Contributions to Regional Economic Development, Provincial housing, Yarmouth and Acadian Shores Tourism Association and other tourism initiatives. Provincial housing costs were absorbed by the province, but this Council is investing in local housing initiatives to attract appropriate housing for our community. The municipality plans to spend \$20,000 more than budgeted in the prior year, or 7.2% increase. Investments in Congres Mondiale Acadien 2024 are included in this planned increase.

Recreation and Courthouse investments are 83% of total costs!

RECREATION & CULTURAL SERVICES

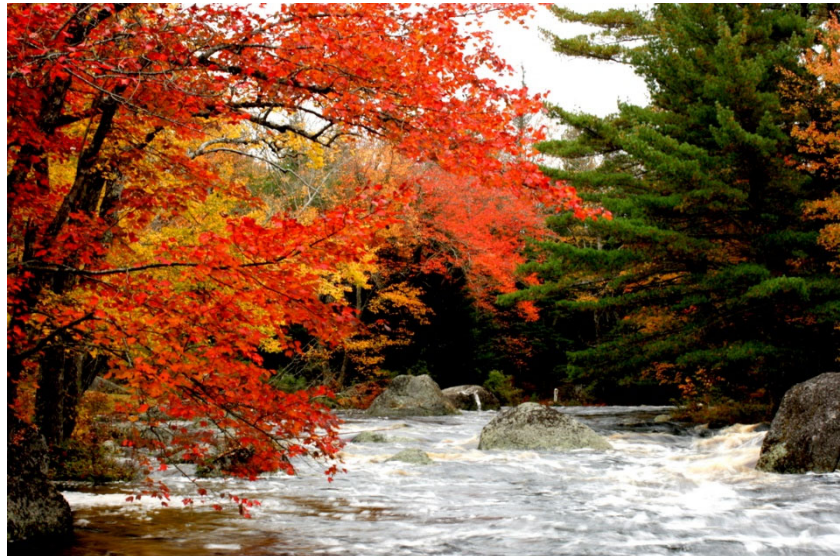
Recreation and cultural services include all operational costs associated with our Recreation and Tuskent Courthouse/Museum, as well as regional and local library services. Our recreation department plans to spend \$23,000 less this year, mostly due to reduced staffing for day camps, and reduced active communities' initiatives that are provincially funded. The Courthouse & Archives division plans to spend \$18,000 more, due to needed repairs to the courthouse, and more summer staff in anticipation of CMA 2024. In total, the grouping will spend the same as in the prior year.

EXPENDITURES (CONT'D)

EDUCATION

Education is a mandatory transfer of funds from Municipal Government to Provincial Government and is calculated by the province. This means that our taxes must be rated for this service, even if we do not provide it. The calculation is based on our Uniform Assessment, multiplied by a pre-determined rate charged by the province. The increase of this grouping shall be \$194,000, or 11% when compared to prior year's estimates.

Education costs is a Provincial mandatory service and represents 18.7% of our total operating budget.



East Kemptville

EXPENDITURES (CONT'D)

You will find in the schedule attached a high-level operating budget for 2024-2025, along with associated pie charts outlining expenditures and by source.

In brief, we shall include an overview of expenditures presented to Council for approval.

Expenditures at a glance (rounded)

	Budget Last Yr	Actual Last Yr.	Budget Current Yr.
Legislative Services	282,000	277,000	343,000
General Government Services	2,275,000	2,162,000	2,361,000
Protective Services	3,409,000	3,276,000	3,420,000
Transportation Services	245,500	238,000	293,000
Environmental Health Services	1,191,000	1,143,000	1,253,000
Public Health Services	59,000	34,000	36,000
Environmental Development Services	274,000	285,000	292,000
Recreation and Cultural Services	595,000	536,000	593,000
Education Services	<u>1,794,000</u>	<u>1,794,000</u>	<u>1,988,000</u>
Totals before internal transfers	10,124,500	9,745,000	10,579,000
Transfers to Capital Reserves and Capital Fund	<u>502,500</u>	<u>803,000</u>	<u>738,000</u>
Total Expenditures – Operating Fund	10,627,000	10,548,000	11,317,000



OPERATING RESERVES

**Anticipating
\$134,000 in total
revenues and net
income of \$87,100 in
the operating
reserve!**

RESERVE ACTIVITY

As the reserve acts primarily as a savings account, there are only two anticipated revenues: specifically, interest income and next year's potential surplus. The interest income is a stable estimate based on estimated balance and interest rate. There is a forgivable loan of \$100,000 to one of our fire departments, which will be forgivable at \$20,000 over 5 years.

Expenditures include our expected transfers to the Operating fund. Transfers are for potential additional training expenses for our volunteer firemen.

SCHEDULE – OPERATING RESERVE

Municipality of the District of Argyle Statement of operations - operating reserve Budget 2024-25

Figures below are rounded

	Budget 2023-24	UNAUDITED Actuals 2023-24	Budget 2024-25
Revenues			
Transfer from operations			
Transfer of surplus	\$ 19,000	\$ 108,500	\$ -
	<u>\$ 19,000</u>	<u>\$ 108,500</u>	<u>\$ -</u>
Other revenues			
Interest income on bank balance	\$ 111,250	\$ 139,000	\$ 134,000
	<u>\$ 111,250</u>	<u>\$ 139,000</u>	<u>\$ 134,000</u>
Total revenues	\$ 130,250	\$ 247,500	\$ 134,000
Expenses			
Transfer to operations			
Loan forgiveness – Fire Department-	\$ -	\$ -	\$ 20,000
Transfer to operations -	\$ 130,250	\$ -	\$ 26,900
	<u>\$ 130,250</u>	<u>\$ -</u>	<u>\$ 46,900</u>
Total expenses	\$ 130,250	\$ -	\$ 46,900
Excess income over expenses (expenses over income)	<u><u>\$ -</u></u>	<u><u>\$ 247,500</u></u>	<u><u>\$ 87,100</u></u>