

# OPERATING BUDGET HIGHLIGHTS

2022-2023

PRESENTATION TO COUNCIL | MAY 10, 2022



# SUMMARY

Enclosed is the 2022-2023 operating budget and reserve, which highlights the major changes from year to year, identifies new projects proposed under this budget, and includes graphical information on revenues and expenditures anticipated for the year 2022-2023.

There is no recommended increase in residential or commercial rates. Interest rates shall remain stable. There are increases to sewer rates for all three systems currently operated by the Municipality of Argyle. This year is the final year of capital billing for the West Pubnico Sewer System, which was set at \$211.

This fiscal year experienced a sharp increase in costs due to inflation and contract adjustments. Fortunately, the increase in costs is anticipated to be offset by increases in municipal taxation assessment, along with a significant expected deed transfer tax increase.

2022-2023 represents the first year of repayment of our Federation of Canadian Municipalities' long term debt related to the new administrative building. Funds will be transferred from the capital reserve to pay for the debt.

# OPERATIONS 2023

## RESPONSIBILITIES

Council is responsible for the approval of the budget, as well as the approval of all taxation rates, including residential, commercial, fire and other rates. Staff is responsible for the ethical, efficient, and effective estimates of revenues and expenditures to present to Council and execute an approved budget within its limitations. The purpose of this presentation is to inform Council and residents of the major investments and differences in both the Operating Fund and the Operating Reserve.

## OPERATING FUND VS RESERVE

The Operating Fund is the meat and potatoes of the budget. It highlights all major revenues and expenditures of the Municipality, except for any capital projects (such as sewer replacement.). 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 reserve is to receive any annual surplus (or pay out any deficit) from (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 supported one major demolition in that period.



Église Sainte Anne-du-Ruisseau





## MUNICIPAL PRIORITIES

- Finalize and implement strategic plan and goals.
- Modernize fees for municipal services.
- Finalize ADA public engagement.
- Complete Council boundary review by UARB deadline.



## CAPITAL PRIORITIES

- Complete Wedgeport Septic tank phase 3 expansion
- Complete installation of solar panels in East Pubnico.
- Support Eel Brook Fire in construction of new building.
- Significant trail repairs in East Pubnico – Argyle.



## EMPLOYEE SUPPORT

- Staffing adjustments to complete org chart plan.
- Improved evaluation process for staff and CAO.
- Finalize four-day workweek & other work improvements.

# 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 (one cent increase)</i>
<i>Amirault's Hill/H point</i>	<i>0.0 cents per \$100 (no rate change)</i>
<i>East Kempt</i>	<i>3.0 cents per \$100 (no rate change)</i>
<i>Lake Vaughne</i>	<i>5.0 cents per \$100 (no rate change)</i>

### Water operating rates (East Pubnico)

*Various rates, increase of 4.1% in 2022-2023 (prior year increase was 1%)*

### Wastewater (sewer) operating rates

<i>West Pubnico</i>	<i>\$340 (2022 - \$300, increase of \$40)</i>
<i>Tusket</i>	<i>\$315 (2022 - \$285, increase of \$30)</i>
<i>Wedgeport</i>	<i>\$195 (2022 - \$145, increase of \$50)</i>

### Interest rate on overdue accounts

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

## TAXATION

**Commercial,  
Resource and  
Residential tax  
amount to 77% of all  
revenues!**

Our major source of revenues has and remains to be taxation revenues, specifically Residential, Resource and Commercial taxes. These three items represent 77% of total revenues. 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.

Overall, the assessment rates increased about 6.1%, which would increase all taxes listed above. Revenues may also be increased by new development, which we have seen in Tusket, and Belleville in new commercial and residential growth. This represents new assessment, therefore new revenues.

## OTHER TAX DRIVEN REVENUES

**Property  
assessments have  
increased 6.1%  
overall without any  
rate increases!!**

Deed transfer taxes represent a significant portion of the budget, and the budget anticipates a sharp increase here, due to the increase in market prices and development. The deed transfer tax is a 1% tax charged to the purchaser of property within the Municipality. Virtually all municipalities have implemented this tax, which is done so through a Municipal Bylaw.

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, it is designed to support the delivery of basic services, fire, policing, solid waste. The amount was doubled in 2021-2022 but has returned to normal amounts this year.

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. This budget anticipates a small revenue from the East Pubnico array which shall be installed and become 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.

2022-2023 is the first year that Argyle is repaying long term debt associated with the administrative Building. Revenues include a transfer from the Capital reserve to repay the principal portion of the debt from the FCM – Green Municipal Fund. Argyle applied for and obtained a low interest rate loan along with a \$460,000 grant to construct our net Zero Energy building.

You will find in the schedules attached a high-level operating budget for 2022-2023, 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

	<b>Budget Last Yr</b>	<b>Actual Last Yr.</b>	<b>Budget Current Yr.</b>
Residential and Resource taxation	5,414,202	5,419,215	5,769,645
Commercial taxation	1,375,485	1,373,737	1,438,589
Fire, water and sewer rates	711,956	718,257	799,378
Grants in Lieu of taxes	253,907	259,627	248,480
Deed transfer taxes	170,000	388,730	240,000
Sales and services provided to other government	212,224	179,581	188,294
Revenue from own sources	248,374	266,928	268,899
Unconditional transfers from other governments	161,523	316,442	147,690
Conditional transfers from other governments	<u>290,465</u>	<u>312,154</u>	<u>147,690</u>
Totals before internal transfers	8,838,136	9,135,673	9,279,699
Transfers from Operating & Capital Reserves	<u>287,799</u>	<u>127,273</u>	<u>412,491</u>
Total Revenues – Operating Fund	<b>9,125,935</b>	<b>9,262,946</b>	<b>9,692,190</b>



# EXPENDITURES

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

**Mandatory expenditures and services account for 67% of your total expenditure budget!**

**Grants to organizations represent 23% of General Government Services!**

## OVERALL OBSERVATIONS

Overall, we are experiencing increases in many aspects of the delivery of services to our residents. In short, there are a variety of reasons why, from inflationary increases, to increased fuel costs, to adjustment to policing contracts, the list is multi reasoned. 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.

Expenditures have grown 9.1 % over prior year actual expenditures (before internal transfers) with considerable increases in Policing Services, Sewage collection, Provincial housing, School Board allocations and interest on Long-term Debt. Inflation impacts many aspects of the budget, including compensation, fuel, construction costs and many other areas.

## MANDATORY EXPENDITURES

Of the expenditures listed above, Policing Services, Housing 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 11% increase in costs for Argyle. School Board costs are driven primarily by assessment values, as they increase, so do these costs. They are calculated using assessments that are 1 year old, so expect these numbers to spike again next year. Argyle is financially responsible to fund 10% of annual deficits incurred by the local Provincial housing authority, and their costs are clearly rising. 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.

## 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. The largest change this year is the inclusion of long term interest costs on the new administrative building loan at \$110,000. Overall costs for this department increased by \$245,000 (rounded).



# EXPENDITURES (CONT'D)

**RCMP costs have increased 11.04% since 2021-22.**

**Contributions to the Yarmouth Airport represent 74% of all Transportation costs**

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

## PROTECTIVE SERVICES

Protective services includes 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 by us but not delivered by us directly.

Internal protective services would include our Department of Operational Services and Department of Protective Services. Both have involved considerable changes through the prior year. Outside of salary, expenditures of note would be training for a new level 2 building inspector, and vehicle operations for both departments, which are up sharply with increased fuel costs. Overall costs for this grouping increased by \$247,000 (rounded).

## TRANSPORTATION SERVICES

Transportation services are limited to air travel, active transportation and contributions to the Department of Transportation and Public works for the maintenance of 7 kms of municipal roads. There is a new expenditure here (matched by increased revenues of \$16,000 that represent road maintenance fees for King's Lake Estates. Council passed a Road Maintenance policy in 2021 to enable this request. Otherwise Costs for this department have remained rather consistent, with the increase being \$40,500 from last year's budget, remaining increases due to airport costs.

## ENVIRONMENTAL HEALTH SERVICES

This grouping includes all wastewater (sewage) collection and disposal, industrial water utility costs, and solid waste (garbage) collection and disposal. Argyle experienced significant increases in investment in all wastewater collection facilities, some of which shall be paid through prior year surpluses from those committees. Increases in solid waste costs are incurred by all residents (not just those on the wastewater system) and we have a multiyear contract for collection that increases by about 3% each year. Total increase from this grouping increased by \$76,000 this year (rounded)





## EXPENDITURES (CONT'D)

**71% of total Public Health Costs relate to deficit funding for two medical clinics in the region!**

### PUBLIC HEALTH SERVICES

All costs related to public health services relate to the recruitment and retention of medical doctors to our region. This cost is shared one third with the Town of Yarmouth and the District of Yarmouth. They include the hiring of a recruitment navigator for new doctors, and deficit funding for the AM Clarke Medical Center and the Harbour South Medical Clinic. We have gained about \$7,000 in savings from the prior year budget in this grouping

### ENVIRONMENTAL DEV'T SERVICES

This cost grouping includes multiple activities, including Community and Strategic Development, planning services, Contributions to Regional Economic Development, Provincial housing, and regional tourism initiatives. We will experience significant decreases here, with many seeing an equal decrease in revenues. The Municipal Innovation Program (MIP) was initially going to be led by Argyle, which has now shifted to Barrington. The services shall remain the same for the MIP. We have decreased investments in Community Development in favor of other services. The total cost of all expenses in this grouping have decreased \$130,600 (rounded).

**Regional Economic Development and Provincial Housing account for 44% of development services!**

### 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 regional library costs have increased this year, matching provincial increases to this service. The Recreation and Courthouse operations have remained very consistent from prior years. These departments generate a considerable amount of grants and service fees in addition to being cost conscious. The total grouping costs shall increase by \$17,700 (rounded) this year.

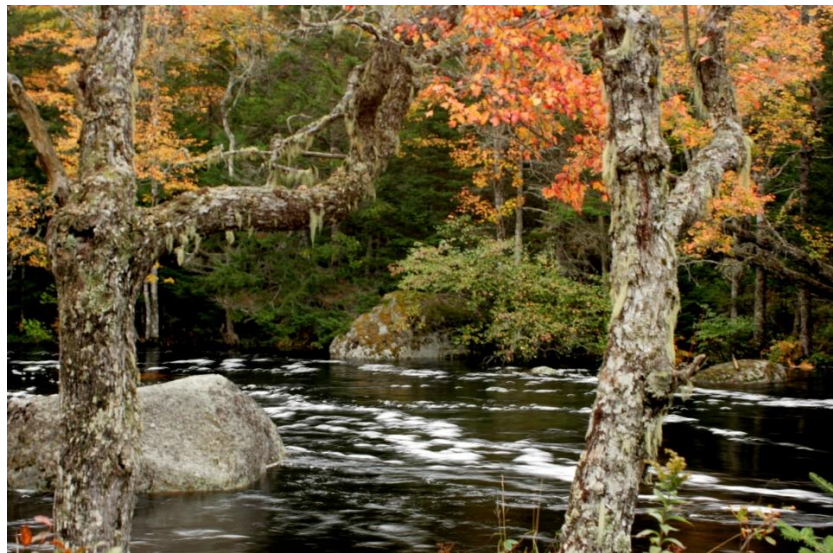
**Recreation and Courthouse investments are 56% and 28% of the total respectively!**

# EXPENDITURES (CONT'D)

## EDUCATION

**Education costs Is a Provincial mandatory service and represents 18% of our total operating budget**

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 \$50,500 (rounded) this year.



East Kemptville



# EXPENDITURES (CONT'D)

You will find in the schedules attached a high-level operating budget for 2022-2023, 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

	<b>Budget Last Yr</b>	<b>Actual Last Yr.</b>	<b>Budget Current Yr.</b>
Legislative Services	245,955	235,792	266,427
General Government Services	1,844,131	1,803,921	2,072,117
Protective Services	2,737,056	2,714,286	2,983,854
Transportation Services	224,210	226,201	264,672
Environmental Health Services	1,085,257	1,016,549	1,161,387
Public Health Services	102,500	78,370	95,697
Environmental Development Services	411,051	347,362	280,533
Recreation and Cultural Services	538,902	496,311	556,534
Education Services	<u>1,659,600</u>	<u>1,659,580</u>	<u>1,683,277</u>
Totals before internal transfers	8,848,662	8,578,372	9,364,499
Transfers to Capital Reserves and Capital Fund	<u>277,273</u>	<u>577,273</u>	<u>327,691</u>
Total Expenditures – Operating Fund	<b>9,125,935</b>	<b>9,155,645</b>	<b>9,692,190</b>



# OPERATING RESERVES

## 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, whereas the surplus is not. We anticipate a breakeven in our Operating Fund, so it may seem odd to estimate a transfer of surplus. However, what is planned and what happens is always different, and we have traditionally had surpluses in operations. We basically budgeted \$82,300, which would bring the reserve activity to a breakeven.

**Anticipating  
\$134,800 in total  
revenues and  
expenditures for the  
reserve!**

Expenditures include our expected transfers to the Operating fund. \$75,000 is planned to fund the CMA 2024 investment as well as a potential musical event in the fall of 2022. The remaining are transfers from wastewater (sewer) reserves to invest in pumps and other similar equipment for replacement purposes.

The status of the reserve account is healthy, with equity in the range of \$3,200,000.

# SCHEDULE – OPERATING RESERVE

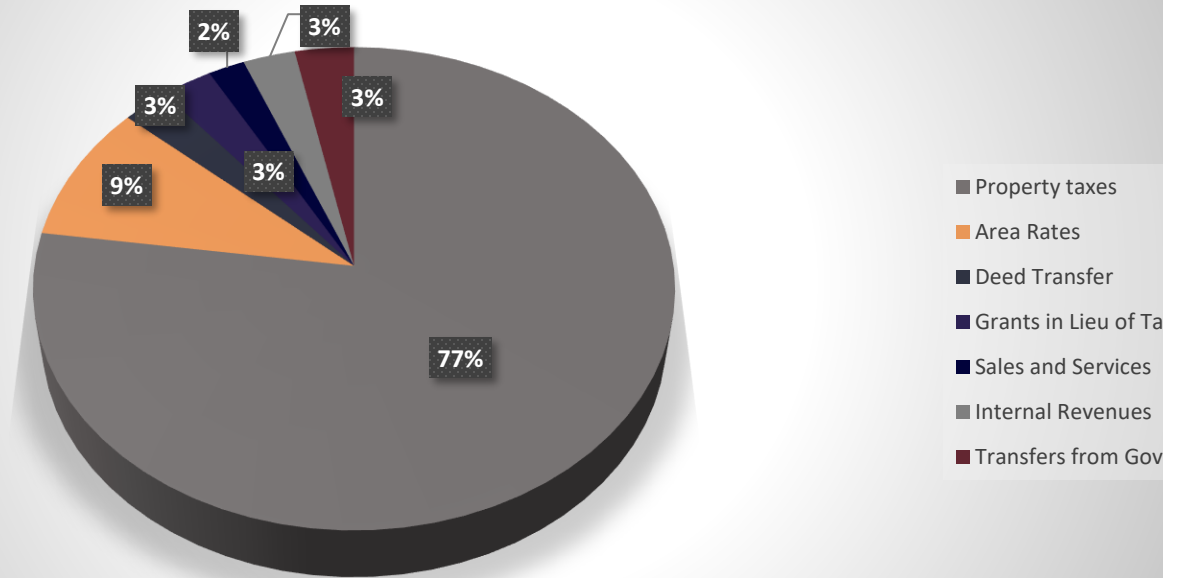
## Municipality of the District of Argyle Statement of operations - operating reserve Budget 2022-2023

	Budget 2021-22	UNAUDITED Actuals 2021-22	Budget 2022-23
<b>Revenues</b>			
<b>Transfer from operations</b>			
Transfer of surplus	\$ -	\$ 105,000	\$ 82,300
	\$ -	\$ 105,000	\$ 82,300
<b>Other revenues</b>			
Interest income on bank balance	45,000	60,405	52,500
	45,000	60,405	52,500
<b>Total revenues</b>	<b>\$ 45,000</b>	<b>\$ 165,405</b>	<b>\$ 134,800</b>
<b>Expenses</b>			
<b>Transfer to operations</b>			
Transfer to operations -	160,526	-	# 134,800
	\$ 160,526	\$ -	\$ 134,800
<b>Total expenses</b>	<b>\$ 160,526</b>	<b>\$ -</b>	<b>\$ 134,800</b>
<b>Excess income over expenses (expenses over income)</b>	<b>\$ (115,526)</b>	<b>\$ 165,405</b>	<b>\$ -</b>

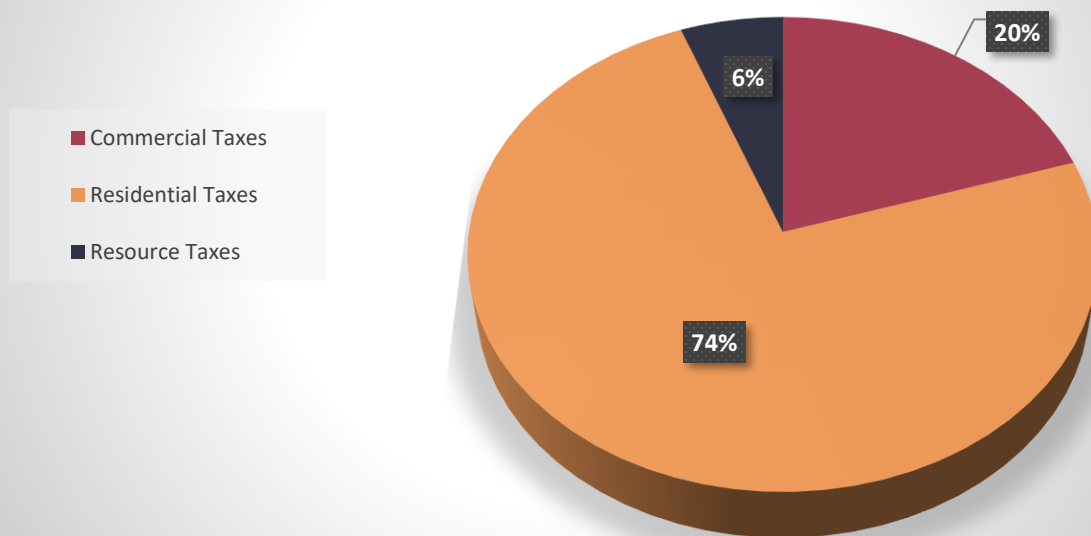


# REVENUE PIE CHARTS

2022-2023 Revenue Breakdown



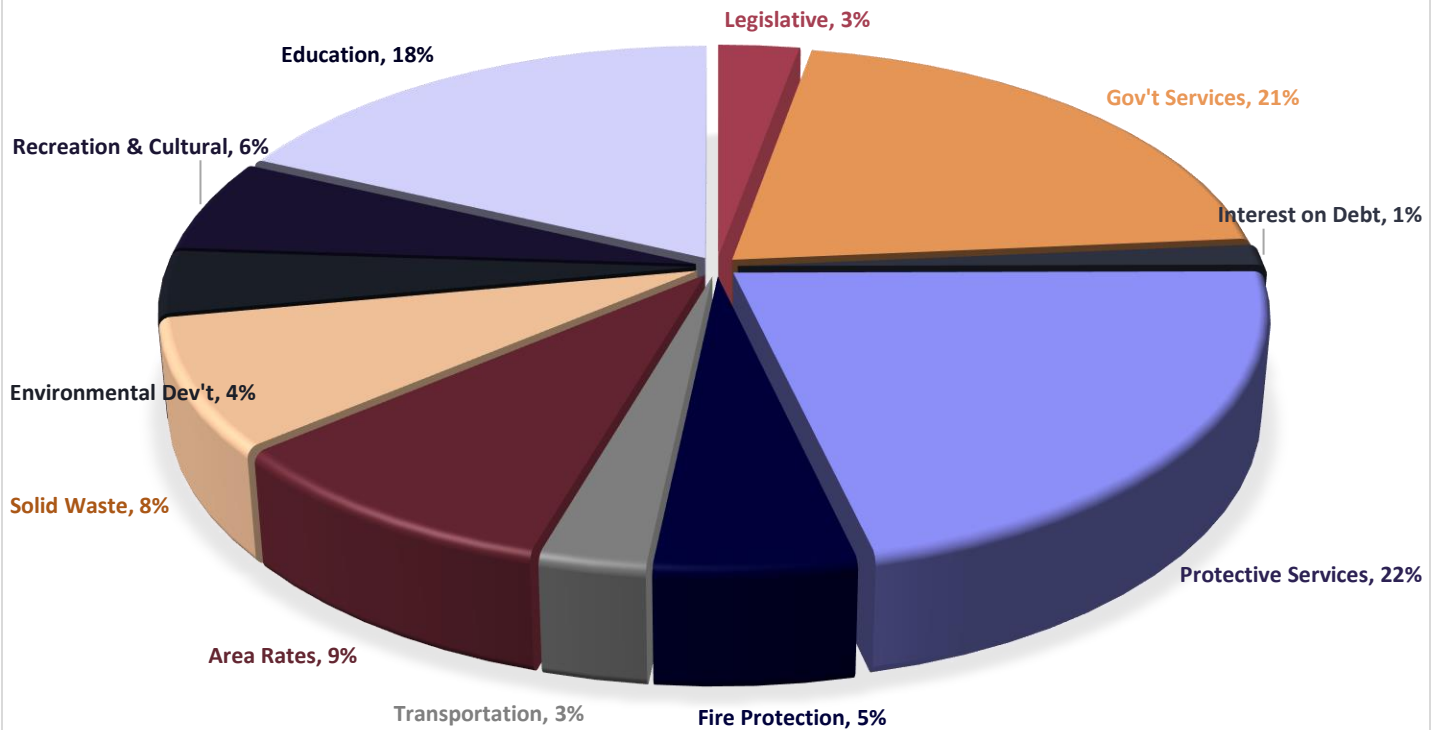
2022-2023 Budgeted Tax Revenues





# EXPENDITURE PIE CHART

2022-2023 BUDGETED EXPENSES





# OPERATING FUND BUDGET

**See attached worksheets**