

OPERATING BUDGET

2023-2024

PRESENTATION TO COUNCIL | MAY 11, 2023



SUMMARY

Enclosed is the 2023-2024 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 2023-2024.

There is no recommended increase in residential or commercial rates. Interest rates shall remain stable. There are increases to operating sewer rates for all three systems currently operated by the Municipality of Argyle.

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.



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 day to day operations 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 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.



Le Village Historique Acadien de la Nouvelle-Ecosse



OPERATING FUND

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 Improvements.
- Municipal Accessibility Improvements.
- Mariners Centre Expansion
- Wedgeport Sewer-Phase 3 installation



EMPLOYEE SUPPORT

- Improved evaluation process for staff and CAO.
- Approval and continuation of four-day workweek & other work improvements.

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 6.3% in 2023-2024

Wastewater (sewer) operating rates

<i>West Pubnico</i>	<i>\$440 (2023 - \$340, increase of \$100)</i>
<i>Tusket</i>	<i>\$345 (2023 - \$315, increase of \$30)</i>
<i>Wedgeport</i>	<i>\$210 (2023 - \$195, increase of \$15)</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 79% 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.

Commercial, Resource and Residential tax amount to 79% of all revenues!

Overall, the assessment rates increased about 11.10%, 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

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.

Property assessments have increased 11.10% 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

	<u>Budget Last Yr</u>	<u>Actual Last Yr.</u>	<u>Budget Current Yr.</u>
Residential and Resource taxation	5,769,645	5,777,899	6,407,418
Commercial taxation	1,438,589	1,439,936	1,600,742
Fire, water and sewer rates	799,378	787,328	915,462
Grants in Lieu of taxes	265,480	295,522	286,348
Deed transfer taxes	240,000	307,013	235,000
Sales and services provided to other government	188,294	175,718	205,086
Revenue from own sources	268,899	312,084	314,706
Unconditional transfers from other governments	161,723	161,723	162,218
Conditional transfers from other governments	<u>147,690</u>	<u>140,055</u>	<u>79,702</u>
Totals before internal transfers	9,279,698	9,397,278	10,206,682
Transfers from Operating & Capital Reserves	<u>412,491</u>	<u>318,191</u>	<u>420,411</u>
Total Revenues – Operating Fund	9,692,189	9,715,469	10,627,093



EXPENDITURES

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 10.5% 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.

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

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 6.04% 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.

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. The largest change this year is the addition of a staff member in the finance department, the increase in low income exemption thresholds and an amount budgeted for Fire service review. Overall costs for this department increased by \$189,000 (rounded).

Grants to organizations represent 21% of General Government Services!



EXPENDITURES (CONT'D)

PROTECTIVE SERVICES

RCMP costs have increased 6.04% since 2022-23 without potential retro 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. Both have involved considerable changes in the prior year. Outside of salary, expenditures of note would be training for 2 level 2 building inspectors, and vehicle operations for both departments, which are up sharply with increased fuel costs. Overall costs for this grouping increased by \$424,800 (rounded). Retroactive costs for RCMP are estimated and included in expenditures, with an equal amount from operating reserves to fund it. Actual amount is not yet known.

TRANSPORTATION SERVICES

Contributions to the Yarmouth Airport represent 78% of all Transportation costs

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. Costs for this department have remained rather consistent, with a small decrease in Airport funding from last year's budget.

ENVIRONMENTAL HEALTH SERVICES

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

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 \$29,500 this year (rounded)



EXPENDITURES (CONT'D)

51% of total Public Health Costs relate to the hiring of a recruitment navigator for new doctors!

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 Municipality of 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. The NSHA shall takeover medical clinic operations beginning in 2023-2024.

Regional Economic Development and Provincial Housing account for 43% 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. The total cost of all expenses in this grouping has remained fairly consistent with a small decrease of \$4200 (rounded).

Recreation and Courthouse investments are 56% and 29% of the total respectively!

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 remained consistent this year with last year. The Recreation and Courthouse operations have increased slightly from prior years with the bulk of the increase in salaries for summer students. These departments generate a considerable amount of grants and service fees in addition to being cost conscious. The total grouping costs shall increase by \$38,400 (rounded) this year.

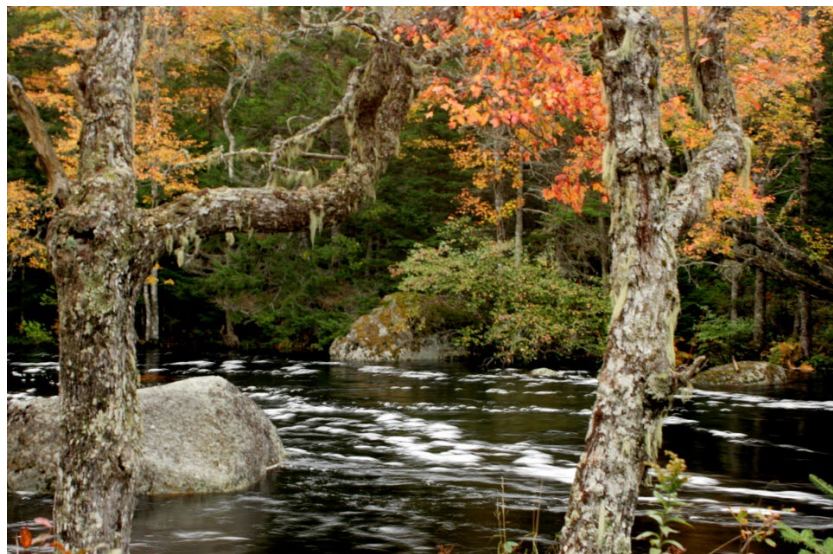


EXPENDITURES (CONT'D)

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 \$110,586 this year.



East Kemptville



EXPENDITURES (CONT'D)

You will find in the schedule attached a high-level operating budget for 2023-2024, 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

	Budget Last Yr	Actual Last Yr.	Budget Current Yr.
Legislative Services	266,427	260,268	281,907
General Government Services	2,074,117	2,009,740	2,275,392
Protective Services	2,983,854	2,904,596	3,408,680
Transportation Services	264,672	247,448	245,570
Environmental Health Services	1,161,387	1,097,436	1,190,823
Public Health Services	95,697	44,884	59,000
Environmental Development Services	278,533	269,070	274,338
Recreation and Cultural Services	556,534	502,229	594,940
Education Services	<u>1,683,277</u>	<u>1,683,277</u>	<u>1,793,863</u>
Totals before internal transfers	9,364,498	9,018,948	10,124,513
Transfers to Capital Reserves and Capital Fund	<u>327,691</u>	<u>577,691</u>	<u>502,580</u>
Total Expenditures – Operating Fund	9,692,189	9,596,640	10,627,093



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 \$19,081, which would bring the reserve activity to a breakeven.

**Anticipating
\$130,331 in total
revenues and
expenditures for the
reserve!**

Expenditures include our expected transfers to the Operating fund. \$110,000 is budgeted for the potential RCMP salary retro payment. The remaining are transfers from wastewater (sewer) reserves to invest in pumps and other similar equipment for replacement purposes.

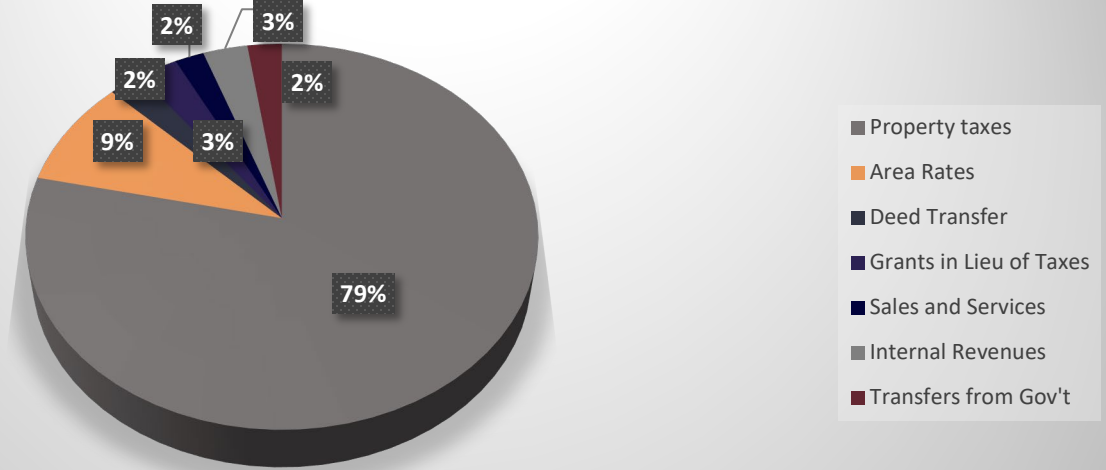
SCHEDULE – OPERATING RESERVE

Municipality of the District of Argyle Statement of operations - operating reserve Budget 2023-2024

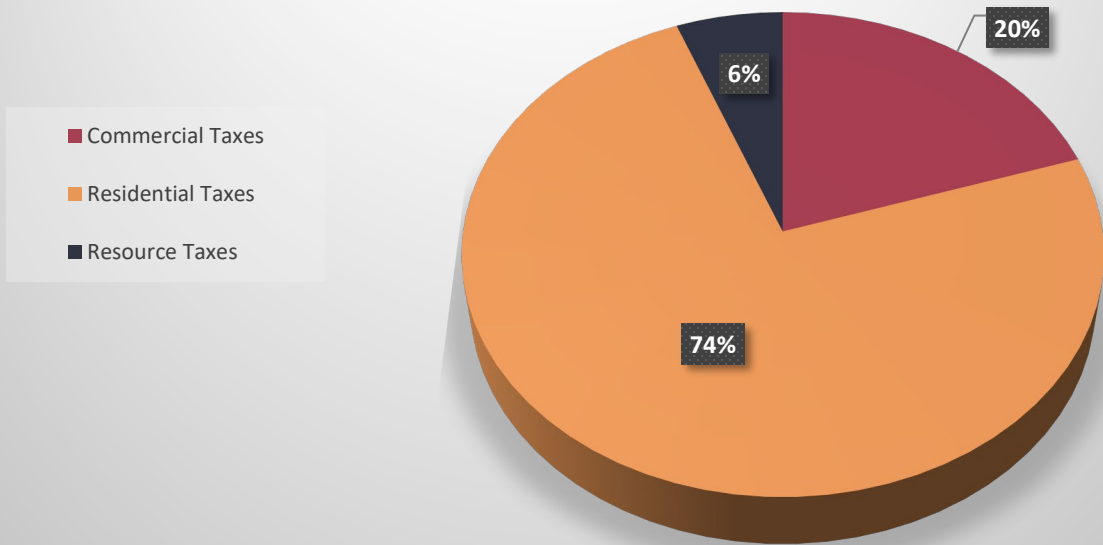
	Budget 2022-23	UNAUDITED Actuals 2022-23	Budget 2023-24
Revenues			
Transfer from operations			
Transfer of surplus	\$ 82,300	\$ 90,000	\$ 19,081
	<u>\$ 82,300</u>	<u>\$ 90,000</u>	<u>\$ 19,081</u>
Other revenues			
Interest income on bank balance	\$ 52,500	\$ 138,798	\$111,250
	<u>\$ 52,500</u>	<u>\$ 138,798</u>	<u>\$111,250</u>
Total revenues	\$ 134,800	\$ 228,798	\$130,331
Expenses			
Transfer to operations			
Transfer to operations -	\$ 134,800	\$ -	\$ 130,331
	<u>\$ 134,800</u>	<u>\$ -</u>	<u>\$ 130,331</u>
Total expenses	\$ 134,800	\$ -	\$ 130,331
Excess income over expenses (expenses over income)	<u><u>\$ -</u></u>	<u><u>\$ 228,798</u></u>	<u><u>\$ -</u></u>

REVENUE PIE CHARTS

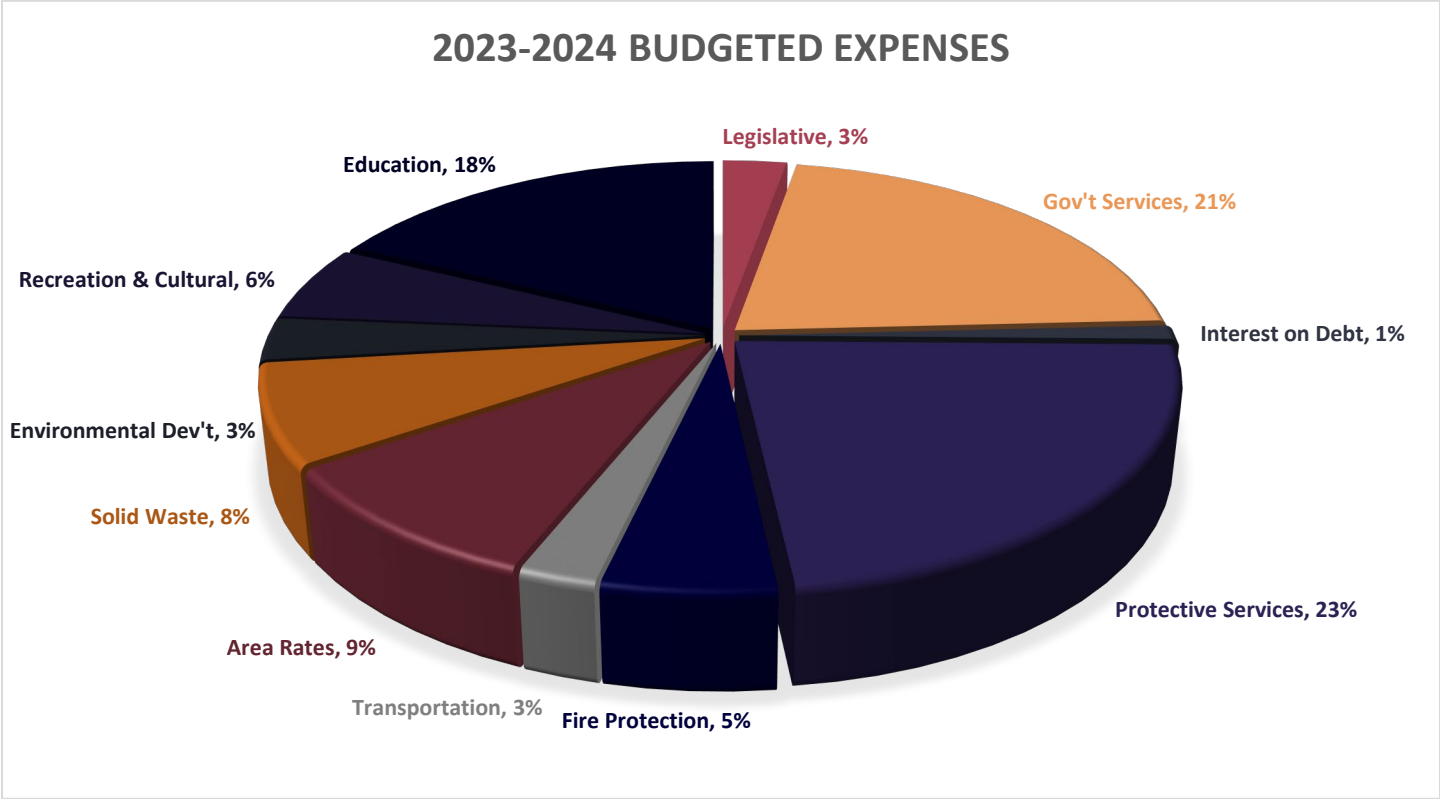
2023-2024 Revenue Breakdown



2023-2024 Budgeted Tax Revenues



EXPENDITURE PIE CHART





OPERATING FUND BUDGET

See attached worksheets