

**The Corporation of the City of Kawartha Lakes**  
**Council Report**

**Report Number CORP2019-032**

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**Meeting Date:** December 3, 2019

**Title:** Proposed 2020 Tax Supported Operating Budget

**Author and Title:** Jennifer Stover, Director of Corporate Services

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**Recommendation(s):**

**That** Report **CORP2019-032, Proposed 2020 Tax Supported Operating Budget** be received; and

**That** the 2020 Tax-Supported Operating budget be approved.

**Department Head:**\_\_\_\_\_

**Financial/Legal/HR/Other:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_

## **Background:**

The 2020 Proposed Tax Supported Operating budget was provided to Council on November 1, 2019. Staff have provided Council with various overviews of the 2020 budget at Council meetings held on September 17 and 18 and November 13. In addition, the Agencies and Boards presented Council with their budgets on October 29.

The proposed budget, as presented, recommends a 3.93% increase to the tax levy.

On November 26 and 27 Council deliberated and approved the 2020 Tax Supported Capital Budget, the Special Projects Budget and the Water and Wastewater Operating and Capital Budget.

## **Rationale:**

The City's Long Range Financial Plan forecasted a 4% increase in the tax levy for 2020. The 2020 budget presented many challenges however, through the collective efforts of Staff, the 2020 proposed budget has been aligned with the Financial Plan.

The following are key highlights of the challenges and opportunities for 2020:

- Growth in assessment is generating an additional \$1.7 million in revenue
- Winter maintenance and waste management are increasing by approximately \$1.3 million due to contractual obligations and frequency of events
- Increased investment in the capital reserve of \$2.35 million
- Reduction in Provincial funding to Paramedic Services and Childcare Services of approximately \$600,000

It should also be noted that there was a change in the way that employee health care benefits were budgeted in 2020. The City is self-insured for employee health care benefits. On a monthly basis, the City pays the health care benefit provider based on premiums. At the end of each year, a reconciliation is performed. If the employees actual benefit usage is greater than the premiums paid, then the City pays the difference. If the employee's actual benefit usage is less than the premiums paid, then the provider refunds the City. The City has historically budgeted based on the value of the premiums. The actual employee usage has historically been less than the premiums by more than \$600,000.

Due to the significant pressures in the 2020 budget, it was determined that the budget would be prepared based on actual historic costs, rather than the premium costs. Although this approach to budgeting is consistent with all other areas of the City's budget, it is important to note as there will no longer be an inherent year end surplus being generated.

### **Other Alternatives Considered:**

Council may choose to amend the budget further based on decision units and/or extractions.

### **Financial/Operation Impacts:**

The City's budget was based on the approved Long Range Financial Plan which sets out the expected financial impacts of aligning future operating and capital budgets with the municipal service levels established by Council and/or legislation. The Operating Budget proposed for 2020 aligns with this plan.

### **Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:**

The recommendations of this report align with the following goals of the Corporate Strategic Plan:

- Goal 1 – A Vibrant and Growing Economy: An effective operating budget helps support municipal services that are essential for a prosperous and growing economy.
- Goal 2 – An Exceptional Quality of Life: An effective operating budget helps support municipal services that are essential for the quality of life of residents.
- Goal 3 – A Healthy Environment: An effective operating budget helps support municipal services that are essential for a healthy environment.

### **Consultations:**

Senior Management Team

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