



Town of Espanola

2020 - 2022

Municipal Budget

Executive Summary

The budget reflects an overall net levy of \$7,671,232. Council voted to utilize \$164,760 from reserves to maintain the same levy as prior year. This is in addition to the withdrawal of \$150,000 already included in the budget for the Police Services Board. In total, \$314,760 will be withdrawn from reserves to reduce the tax burden for ratepayers. The municipality has also experienced growth in its assessment of 2.55%, this has been the result of new housing starts and various improvements to properties. As a result of the assessment growth, a decrease to the provincial education rate and the draw from reserves, there will be a **decrease** to the residential tax rate of **2.11%**.

The budget reflects a number of significant projects and challenges;

- A further reduction of \$66,100 in grants from the Ontario Municipal Partnership Fund
- Policing costs have increased \$175,030
- Bylaw enforcement costs have increased \$20,500
- Costs for garbage collection have increased 20% or \$33,000
- Public Health allocation has increased 10% or \$19,520
- Capital allocation for the replacement of playgrounds of \$50,000 has been included
- Overall capital spending has decreased \$88,800, current projects include the section of connecting link from McCullough to McDonald's entrance and the bio-solids project at the wastewater treatment plant

This budget is prepared based on a 3 year time period, which provides a projection of what future rate increases might be. Although the Municipal Act allows for a multi-year budget, it also requires that the budget for subsequent years are reviewed and readopted each year of the budget. Therefore the 2021 & 2022 budget estimates will change depending on circumstances in each of those years.

INTRODUCTION

The budget process has been undertaken with the following mission statement in mind:

The Corporation of the Town of Espanola is committed to serving the needs of our community by supporting the positive, well-balanced, social, economic, environmental and physical growth of the town. We will continue to pursue excellence by providing accountable and affordable services while promoting the highest quality of life.

Budget process

The budget presents operating and capital expenditures by department. Operating expenses reflect the routine day to day costs of municipal services, where capital expenses are more project oriented or one-time expenditures.

Department managers were asked to provide cost estimates based on the current level of services. These were submitted to the CAO/Treasurer for review and approval prior to inclusion in the budget document.

Each service the municipality provides has been classified as being a required, expected or discretionary service. This is to enable council and others to distinguish between the services the municipality is expected to carry out and those that the municipality has chosen to deliver.

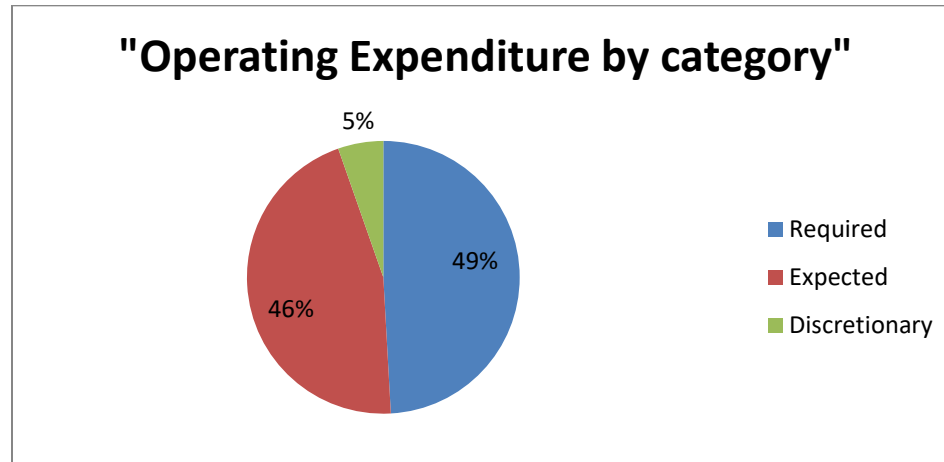
The following definitions have been used in classifying the expenditures:

Required – service is mandated by regulation or necessary for public safety

Expected – service is typically delivered by comparable municipalities

Discretionary – service is provided based on community choice

By these definitions, approximately 95% of expenditures are based upon either a requirement to provide a service or an expectation of residents that a particular service should be provided and only 5% is completely discretionary. There may be discretionary expenditures within a required or expected level of service however the service as a whole is in one of these other categories.



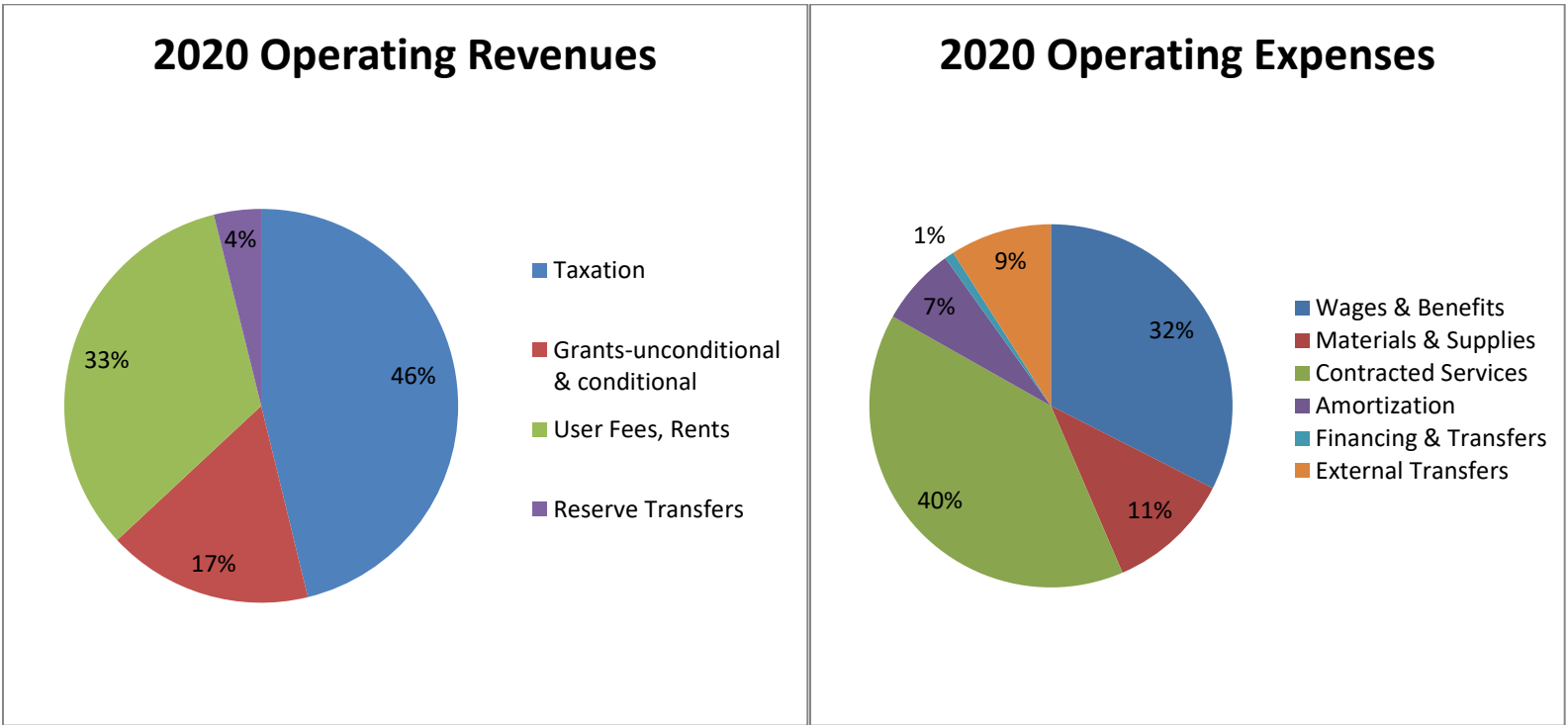
Budget analysis

Operating:

Overall operating costs are budgeted to increase \$253,560 or 3.49%. This reflects many of the items listed under budget challenges.

The following graphs depict the sources and uses of the revenues and expenses of the municipality. Taxation accounts for approximately 46% of funding for the daily operations (2019 – 44%). The overall taxation levy is comprised of residential, commercial and industrial taxes. The second largest component of operating revenues comes from user fees which accounts for 33% of overall revenues (2019 – 31%) while the remainder of revenues from provincial operating grants and reserve funds.

The largest operating expenditure of the municipality is contracted services, which accounts for approximately 40% of operating expenditures (2019 – 39%) followed by wages and benefits which account for 34% of operating expenditures (2019 – 33%).



The capital levy is \$325,700 and will be utilized to fund the following projects:

<u>Project</u>	<u>Expenditure</u>	<u>Grants/Revenue</u>	<u>Reserves</u>	<u>Levy</u>
Arena Roof & Chiller	585,000	-	585,000	-
Connecting Link - McCullough to McDonalds	2,957,710	2,636,000	321,710	-
Hard Surfacing	155,700	-	-	155,700
PWD Equipment	80,000	35,000	-	45,000
PWD Equipment Reserve transfer	-	-	(75,000)	75,000
Historical Park	21,499	-	21,499	-
Bio-solids	1,451,800	1,276,500	175,300	-
Playgrounds	50,000	-	-	50,000
	5,301,709	3,947,500	1,028,509	325,700

In addition to the capital levy the municipality is contributing \$1,102,377 to capital replacement reserves. These figures combined total \$1,428,077 of the budget which has been identified for capital replacement. The asset management plan last updated in 2016, indicates an investment of \$3.2 million should be reinvested annually to replace our capital assets as they reach the end of their useful lives.

TOWN OF ESPANOLA

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