

Councillor Peter Budgell
 Chairperson of the Finance Standing Committee
 2016 Midyear Budget Review Statement
 July 19, 2016

Mr. Mayor, I am pleased to report the Finance Standing Committee recently completed its mid-year budget review and is now prepared to present the updated estimates to Council. The budget, as required by law, remains balanced.

Compared to the initial estimates, which were adopted by Council in December 2015, the budget has grown by approximately 2.3% to \$3,260,575.

Revenues

The revised estimates for revenue are as follows:

	<i><u>Initial</u></i>	<i><u>Revised</u></i>	<i><u>Variance</u></i>	<i><u>Percentage</u></i>
Taxes	2,660,125	2,648,909	- 11,216	-0.42%
Sale of goods and services	118,500	206,300	87,800	74.09%
Other revenue from own sources	30,900	28,617	- 2,283	-7.39%
Provincial grants	229,247	229,247	-	0.00%
Federal grants	147,502	147,502	-	0.00%
Transfers from reserves	-	-	-	0.00%
	<u>3,186,274</u>	<u>3,260,575</u>	<u>74,301</u>	<u>2.33%</u>

Taxes are down due primarily to a reduction in property, utility, and poll taxes. In terms of property, an adjustment was required due to an agricultural designation exemption under the legislation and account maintenance. The utility tax is down from the initial projection because a firm generated less revenue when compared to the previous fiscal. Poll taxes are down as a result of account maintenance. For the most part, the Town found additional revenue from the sale of land.

Expenditures

The revised expenditures are as follows:

	<i><u>Initial</u></i>	<i><u>Revised</u></i>	<i><u>Variance</u></i>	<i><u>Percentage</u></i>
General Government	561,456	582,580	21,124	3.76%
Protective Services	89,900	89,900	-	0.00%
Transportation Services	851,567	861,211	9,644	1.13%
Environmental Health	418,184	480,429	62,245	14.88%
Planning and Development	-	-	-	0.00%
Recreation Services	252,136	257,748	5,612	2.23%
Fiscal Services	<u>1,013,032</u>	<u>988,707</u>	<u>- 24,325</u>	<u>-2.40%</u>
	<u>3,186,275</u>	<u>3,260,575</u>	<u>74,300</u>	<u>2.33%</u>

As in previous years, the Committee redistributed allocations throughout the expenditures to adjust for deficiencies and to capture savings. Rather than focus on those details, although they are available for Council's information, I will focus on the bigger picture.

- (1) Council will recall a conversation earlier this year regarding the upcoming MNL Convention in St. John's. At the time, Council thought it was a good idea to send everyone to the Convention; however, the Committee completed a financial projection, and it will cost nearly \$11,500 if we intend to do this. The Committee did not feel this was a valuable investment; therefore, the budget was not increased. Rather, an allocation was included to send two delegates.
- (2) The budget was updated to include approximately \$8,400 for the website project.
- (3) When reviewing salaries, the Committee decided to apply a 2% increase to the Town Manager/Clerk and the Assistant Town Manager's hourly rate effective July 4, 2016. These individuals have not seen an increase to their salaries since May 2014 and January 2015, respectively. The cost of living has certainly increased during that period of time, and the 2% increase is being recommended in that context.
- (4) In April 2015 the Town engaged Telelink to provide after hour call support. This service has not been utilized as expected – many residents continue to contact the Mayor, Councillors, and employees directly when there is an urgent matter. This service comes with an annual cost of approximately \$1,700, and the Committee believes this money can be used for better purposes. To this end, the Committee is recommending the discontinuation of this service effective September 1, 2016.
- (5) The largest adjustment to the budget this year related to the wastewater treatment project. As previously discussed by Council, the Committee included \$50,000 for a maintenance contract with Abydoz. It also increased the allocation for lift stations' energy expenses. These two items are estimated to cost \$88,500 this fiscal year.
- (6) Earlier this year Council retired two loans through the BMO. This resulted in savings totaling approximately \$54,000. These savings helped the Committee balance the budget during the mid-year review. More importantly, they will help the Town in future years accommodate the additional burdens of the wastewater treatment facility among other things.
- (7) The Committee is pleased to have maintained the \$30,000 investment in asphalt that was committed at the beginning of the year. Management is in the process of soliciting quotes to repair sections of our road network that were damaged this past winter.
- (8) Council will recall that when the 2016 budget was initially presented, \$19,200 was included as a transfer to the capital account for repairs that will be needed to the wastewater treatment facility in 10 years. This was revisited by the Committee given the facility will not be completed until later this summer. The 10 year reserve will be started in 2017.

Overall, Mr. Mayor, the Committee is pleased with the performance of the budget at this point in the fiscal year. Much can happen in the remaining six months, but the Committee attempted to build tolerance into the estimates to ensure we can, within reason, absorb unanticipated expenses along with the municipality's general operational requirements. That said, the capacity, when compared to previous fiscal years, is limited. Much of the additional capacity was redirected to the wastewater treatment facility, and the Town is learning more about the operations of this infrastructure every day.

Thank you, Mr. Mayor. I will be pleased to answer any questions Council may have.

I now move the following resolutions:

Resolution 1

Be it resolved that Council shall adopt the revised 2016 Municipal Operating Budget as circulated.

Resolution 2

Be it resolved that Council shall approve a 2% increase to the Town Manager/Clerk and the Assistant Town Manager's salaries effective July 4, 2016.

Resolution 3

Be it resolved that Council shall send two Councillors to the MNL Convention in St. John's in October 2016.

Resolution 4

Be it resolved that Council shall terminate the Telelink service contract effective September 1, 2016.