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Subject: 2020 Financial Plan Questions

Submitted By: Laurel Kidd

Hello,

I have some questions for the 2020 Financial Plan.

1. Why on page 1 is there a penny difference between the total revenue and the total expenses in the 2020 budget column. I understand there is penny rounding but should someone not be making a manual change to assure the amounts are the same?

A: Correct. The totals are correct, the page has a formula error in the Surplus/Deficit calculation of \$ 0.01 Under the Municipal Act, Council may make revisions to the draft budget before third reading following the public hearing with four (4) exceptions: Increasing revenue from taxation, increasing transfers from accumulated surplus or general reserves, and any increase to the Capital budget. The Provincial Budget document provided to us contains calculations upon calculations from multiple sources within the document. It is unwise to manually edit the document to address penny rounding until such time as Council wishes to make no further adjustments. The final copy is attached to and forms part of the Tax Levy By-Law which receives three (3) readings in order to be adopted.

2. On page 2 General Government Revenue why is the revenue dropping approx. \$30k compared to 2019 budget?

A: The 2019 budget included \$ 5,000 for Manitoba Public Insurance Rebates and \$ 25,000 for Municipalities Trading Company of Manitoba Ltd rebates, neither of these were received in 2019, the 2020 budget has not included amounts for these two items resulting in the \$ 30,000 decrease.

3. On page 2 Transportation Services why is the 2020 budget increasing by approx. \$30k from 2019 budget?

A: Page 2 Other Revenues does not include a change from the 2019 budget for Transportation Services. Page 2 Other Revenues does include a change in Environmental Services. The 2020 budget includes an increase of \$ 36,200.00 in Recycling Rebates based on additional recycling tonnage estimates based on 2019 data. This budget item also includes an increase of \$ 2,644.19 in Curbside Pickup fees, which were actually received in the beginning of the year.

4. What has changed that there is nothing budgeted for Sales of Goods when there was a budget and actuals in 2019.

A: In the 2019 the amount of \$ 20,000.00 was budgeted in anticipation of an auction of municipal equipment and buildings. Actual funds received were \$ 39,516.61. No anticipated revenues from sales are expected in 2020.

5. Why is the budget amount on page 2 for unconditional grants - Municipal Operating grant at \$604,818.87 as the actuals that will be received by the Province were presented to council on March 24th of \$853,949.98?

*A: The 2020 General Assistance Grant is \$ 853,949.98 as presented to Council on March 24th. This total amount includes \$ 604,818.67 shown on Page 2 – Unconditional Grants, and the amount of \$ 282,827.67 shown on Page 2 – **Conditional** Grants: Provincial Government.*

The total of \$ 282,827.67 represents the Road Improvement portion of the General Assistance Grant \$ 246,000, Crown Lands Lease revenues of \$ 3,389.63, Dutch Elm Tree Removal Program rebates of \$ 32,000.00 and the MB Hydro Fixed Grant amount of \$ 1,438.04. All funds in this total are specifically purposed, not General Assistance funding.

6. Why type of Municipal Grant is being received for \$281,308 as the details do not show on page 9.

A: \$ 281,308.00 is the total receivable from the RM of Alexander as their portion of Capital purchases in the 2020 year as cost sharing partners in the East Beaches Firehall.

7. On page 2 the total other revenue and transfers amount that should come from page 8 is using only the municipal amount. Should this amount not be the municipal and school amount of \$8,212,299.71?

A: \$ 8,212,299.71 is the total municipal portion, this is not the municipal and school amount. There are two other portions on page 8. The remaining portions are included as part of the mobile home fees and transfers from reserves. There are several types of revenues included here, and for example; the portion raised as part of utility rates/bills would not be included elsewhere in our budget as general operations revenue.

8. On page 3 why has the budget amount for Road Plan increased so much from last year?

A: The 2019 budget included only \$ 140,000 for Road Projects and \$ 150,000 for Asphalt/Hard Surface Repairs. The 2020 budget includes \$ 1,240,000 for Road Projects and \$ 150,000 for Asphalt/Hard Surface Repairs.

9. On page 4 why has Ditches and Road Drainage decreases so much?

A: The majority of drainage projects in 2020 are not being funded by taxation or other revenues, in 2020 we are completing capital drainage network improvement projects which are to be funded under By-Law 7-2018 Water Control Works. Details of these projects are available on our website.

10. On page 5 who is getting tax discounts of \$154,302.88?

A: The amount of \$ 154,302.88 is a provision of Council to potentially provide for COVID-19 relief for services or taxation, if and when required in the 2020 tax year. No further determinations have been completed, as we are still in the middle of the pandemic.

11. On page 6a why is there a credit amount for penalties in the 2019 actuals? Did we pay someone penalties on their water bill?

A: Page 6A – Lockport Utility – The Lockport Utility is a sewer only utility with residential and commercial customers. In 2019; one commercial customer received a billing adjustment of \$ 60.90. This is offset by the revenues in the utility in 2019, not from taxation.

12. On page 8 why is there a credit balance for the allowance for tax assets? So we are taking money from our tax allowance to balance page 8?

A: The calculations provided by using mill rates does not often amount to the exact dollar amount required to be raised, or in some cases, results in raising more than required. Using the Allowance for Tax Assets to adjust the difference so residents are not overcharged is our standing procedure in annual tax calculations.

The credit of \$ 60.80 is being adjusted from the Allowance for Tax Assets which has a balance of \$ 51,160.35. The Allowance is inflated and has been significantly reduced in 2019 as recommended by our Municipal Auditor.

13. On page 13 can we get more details on where some of these general and specific projects will be happening?

A: Details on drainage project works can be found on our website. Roads to be completed this year will be made available as part of the Financial Plan Hearing Presentation material. The South St. Clements Recreation facility is to be located on Donald Road. The MB 150th Open House may be located at the East Selkirk Rec Association or the Municipal Office. The Planning studies are being completed throughout the Municipal jurisdiction. Aggregate Exploration is being reviewed in the same area as our municipal gravel pit. Trails development information will be provided at a later date to Council from the Trails Association as project details are prepared for approval.

14. On page 14 the reserve balances don't match between the source of funds on the rows and the columns. Which is the correct figure?

A: Correct. There are two errors on page 14 – 5 year capital purchasing as follows:

Highway Tractor purchase scheduled for the 2024 year \$ 80,000 is the correct purchase total and should show as fully funded from reserves – not blank.

IT Equipment purchase scheduled for the 2021-2025 years \$ 26,750 is the correct multi-year purchase total and should show as \$ 26,750 funded from reserves – not \$ 21,800.

Total Source of Funds – Reserves \$ 3,683,750 is also the correct total.

Will these questions be presented tonight and answered?

Response by Deepak Joshi, CAO

A: In order to meet Council's direction for open and transparent government, we have completed the answers to the questions raised in the short period of time, as they were only received a few hours before the public hearing. We will read the questions and answers at the public hearing. In addition, we encourage our residents to contact the Finance Officer directly with any questions pertaining to Finance related to the budget in advance of the hearing and any time during the course of the fiscal year. Requests with a high level of detail, are typically replied to within 1-2 business days and allows for additional dialogue if necessary on the RM's budget.