

THE LINDSAY ADVOCATE

KAWARTHA LAKES' FINEST MAGAZINE

WINNER - NEW BUSINESS OF THE YEAR



2019 - 2021 BUDGET UPDATE



2019 SURPLUS

- \$1 million surplus from Operating budget
- \$1.8 million from investments, interest, adjustments and OMPF Grant



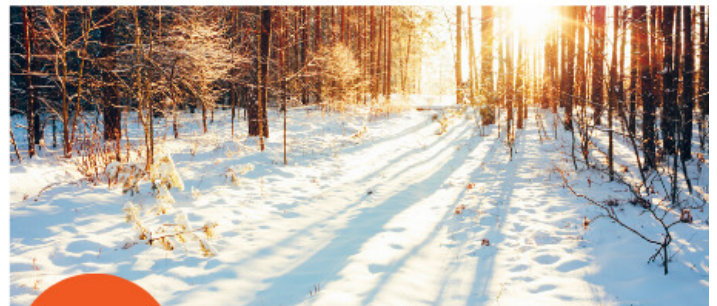
AUDIT BEGINS JUNE 1

Audit will recommend how to apply the 2019 surplus. Delivered to Council in September 2020.



2020 COVID-19 IMPACT

- Shortfall due to: Deferred tax payments, reduced user fees for facility rentals and programming, pandemic response
- Cashflow stabilized by: Contained spending, deferred capital projects and drawing down from investments



2021 BUDGET

2021 Budget deliberations deferred to January through March 2021 due to pandemic. Long-term financial outlook and pandemic recovery reporting to come to Council in 2021.

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Elmslie believes province, feds will start downloading services onto municipalities

Published on June 12, 2020 — in Municipal — by Kirk Winter

At a recent council meeting Councillor Doug Elmslie expressed worry that the province and federal government will soon start downloading more responsibilities on the backs of municipalities.

He recommended that “all surpluses be put in reserve for a rainy day because I fully expect that the feds and the province are going to start downloading services because of the debt loads they are carrying.”

Councillor Pat O'Reilly seemed a little more optimistic about assistance coming from higher levels of government, while Mayor Andy Letham reminded councilors that municipalities may soon be allowed to carry a deficit for the 2020 budget year only. This could help some jurisdictions avoid steep service cuts in the fall.

“I am not sure if it is a good thing but we may be allowed to do it,” Letham said of potential deficits.

Jennifer Stover, director of corporate services, was sharing with council an overview of the 2019 and 2020 budget years and plans for the 2021 budget year.

Stover made it clear that COVID-19 has

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impacted the city deeply, and that the city has had to be responsive to the financial fallout of the pandemic.



JENNIFER STOVER, DIRECTOR OF CORPORATE SERVICES.

She shared that the 2019 audit is set to begin this month. The results of the audit will be presented to council in September and she expects the city will run a \$3 million surplus.

Stover stated that she has “no recommendations” regarding what to do with those funds, and believes council will make the appropriate decision at the appropriate time.

The director then segued into the 2020 budget year. Stover believes that the biggest problem the city has faced in 2020 “is not a shortage of funds, rather a shortage of funds at the exact times bills need to be

paid.”

Cash flow has been the real issue for the city this year.

Stover said that with the 60-day deferrals of property tax payments the city has had to be nimble in ensuring all bills are covered with the bulk of operating capital not coming in until much later this year. She said city staff were “both surprised and thankful that 50 per cent of tax payers paid their property tax installment in April as usual.”

To aid cash flow the city moved \$10 million out of investments in April, and will move another \$5 million out of investments in October to ensure all the city bills are covered before the last property tax installments are paid. Stover assured council that once all four installments of property taxes are paid, \$15 million will be returned to the city’s investment portfolio as it is only needed in the short term.

Stover told council that to limit the current municipal deficit to \$3.2 million dollars “a number of city projects are going to be deferred into 2021.”

The director added that the current deficit may grow slightly in the fall “if recreation programming and facilities don’t re-operate fully.” Stover mentioned that a reduction in arena revenues could certainly adversely affect the city’s current operating deficit.

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Because current provincial legislation prevents municipalities from running debts, Stover promised council that the 2020 budget “will be reduced to offset pandemic related costs and lost revenues.”

Stover continued, saying the 2020 budget update will be delayed until early 2021 to study fully the impact of the pandemic on city finances. She added that the 2021 deliberations will be pushed back by some months because of COVID.

Councillor Pat Dunn wanted to know from Stover if items are to be pushed off to 2021, which budget will the project be funded out of?

Stover replied, “The items will be fully funded in the 2020 budget but the human resources don’t currently exist this year to complete the project.”

Councillor Doug Elmslie wanted to know if the mayor was planning to introduce a new bylaw that will allow council to approve the 2021 budget in 2021 rather than what the law currently reads. The current council by-law in place demands that the city approve a budget in the previous calendar year.

Letham replied that he was aware of that procedural by-law and the changes that need to be made in it.

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