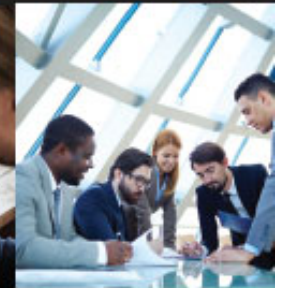


Line-by-Line Review of
the Municipal Budget



**The Corporation of the
Municipality of North Middlesex**

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Study Overview and Benefits

The Municipality of North Middlesex has been proactive in undertaking a Line-by-Line Review of the Municipal Budget under the Provincial **Municipal Modernization Program** and issuing a request for proposal (RFP) to undertake a review of budgets, trends and leading practices. A study of this nature has many benefits, including, but not limited to;

- Ensuring that the Municipality is providing services in the most efficient and effective manner;
- Ensuring budgeting practices and strategies are aligned with leading practices;
- Rationalizing and understanding revenues and expenditures, trends and future challenges and opportunities;
- Identifying gaps in the data availability and opportunities to address gaps and fine tune budgeting processes;
- Ensuring that the Municipality's strategic pillars are aligned with services and resources;
- Ensuring that the Municipality is able to meet future demand for services and to support growth;
- Ensuring the technology is used to create efficiencies and improve customer service delivery;
- Ensuring service levels are analyzed in accordance with Asset Management Planning for Municipal Infrastructure Regulation;
- Ensuring that the Municipality is operating in a fiscally responsible and forward looking manner;
- Ensuring that the process, research, recommendations and implementation plan support accountability and transparency; and
- Ensuring that taxpayer affordability is maintained.

Scope of the Review

Trend Analysis—Extracted budget and actual revenues and expenditures and created a financial model to identify trends by:

- Object of Revenue and Expenditure
- By activity, program and service

Peer Cost of Service Comparative Analysis—The cost of service was compared to similar municipalities on a per household and per assessment using 2018 Financial Information Returns (FIRs) as this was the most current and consistent data source available. In total, 6 municipalities were included.

Financial Position Comparative and Trend Analysis - A separate report called the Financial Condition Assessment has been prepared as a value added service to the line-by-line review. This included information on socio-economic, financial indicators and levies.





Executive Summary

Leading Practices

Leading Practices

- ✓ Actively monitoring budgets.
- ✓ Line-by-line budget development, taking into consideration historical trends, future growth and service level changes in programs and services.
- ✓ Growth management planning, with consideration for future expansion requirements including new facilities to meet community demands.
- ✓ Preparation of a Strategic Plan that identifies goals and objectives which is used extensively to align with programs and services as well as budgets and business plans and tracking performance of action plans.
- ✓ Contracting services and in-house services are reviewed regularly to optimize service delivery and efficiencies. (e.g. recently moved to contracted service in By-law enforcement and Fire Inspections)
- ✓ Low levels of debt provides flexibility for future initiatives.
- ✓ Increasing reserve balances over the past five years with planned annual contributions to support AMP.

Leading Practices

Leading Practices

- ✓ Water/WW Energy audit planned to identify potential efficiencies.
- ✓ Stabilization reserves have been established to protect against reducing service levels or raising taxes and fees because of temporary shortfalls. It is however recommended a formal Stabilization Reserve Policy be established to ensure minimum Stabilization Reserve levels are maintained.
- ✓ Developed an asset management plan (AMP) to address future replacement requirements and put in place annual increases to the capital program.
- ✓ There is no net levy impact associated with Building as it is operated as an Enterprise Model fully funded through fees. Further opportunities in this regard have been identified to reduce the levy by ensuring all indirect costs have also been included in the fee calculation.
- ✓ Moved to a utility funding model for water and sewer, eliminating taxpayer subsidization.

Leading Practices

Leading Practices

- ✓ Municipality has a scorecard to track progress toward the implementation of the Strategic Plan. This includes Priority, Timing (Target) and Score. Outcomes are tracked regularly by staff and management to provide realistic timeframes for completion and prioritization.
- ✓ Ongoing partnering with other local municipalities to share resources and joint purchasing.
- ✓ Maintain sound administrative procedures and due diligence pertaining to the Municipality's assets and public funds.
- ✓ Undertaking a Roads Needs Assessment to help plan for future replacement requirements. Opportunities for savings exists if the Municipality can transition to proactive lifecycle maintenance.

Leading Practices

Leading Practices

- ✓ LED lighting has been implemented to reduce street lighting costs which is a leading practice.
- ✓ The Municipality has incorporated windrow eliminator technology to improve safety.
- ✓ The Municipality has fees for the recovery of costs associated with waste which helps reduce the levy and control volumes of waste.
- ✓ The Municipality actively supports its base of volunteers in recreation to help reduce costs.
- ✓ Recreation programming is exclusively provided through the YMCA which has proven to be an efficient strategy and is one undertaken in a number of small municipalities where there is a YMCA presence.
- ✓ Staff have been proactively seeking funding and grants to help offset program costs for new initiatives.

Opportunities

- The Municipality demonstrates leading practices and planned new initiatives that are reflective of a progressive municipality.
- Opportunities have been identified to continue to process of continuous improvement and further align with leading practices.



Future Opportunities and Recommendations

Opportunities

- **Long Range Financial Planning (LRFP)** – A LRFP is an important part of the budgeting framework. It allows Council to monitor long term financial sustainability while working to address the needs and expectations of the community reflected in the Strategic Plan and related departmental plans and strategies. It is designed to encourage progress towards the Municipality's long-term financial goal of sustainability. Together with the Municipality's strategic plan, Asset Management Plan (AMP), and annual budgets, the LRFP can be an effective component of the Municipality's budget development and an integral part of ongoing planning efforts that support the delivery of community services. The LRFP will assist the Municipality with:
 - Ensuring long-term financial sustainability;
 - Delivering services in a cost-effective and efficient manner;
 - Identifying cost-recovery through user fees from consumers;
 - Managing the Municipality's capital assets;
 - Using debt financing where appropriate; and
 - Maintaining reserve and reserve funds at appropriate levels.

Future Opportunities and Recommendations

Opportunities

- ***Establish a Multi-Year Operating Budget***- A multi-year budget is a document that authorizes a municipality's planned expenditures and anticipated revenues for two or more consecutive budgetary years. The advantages of multi-year budgeting include improved financial management, long-term strategic planning, improved program monitoring and evaluation, linking operating and capital activities, and efficiencies with resources. Multi-year budgeting is considered a best practice by the Government Finance Officers Association (GFOA) and has been embraced by many Ontario municipalities. This is a logical next step for North Middlesex with a recommended timeframe to align with the term of Council.
- ***Improved Transparency of the Operating Budget*** - There is significant detail in the Operating Budgets to understand line-by-line activity at the departmental level; however, it is currently difficult to understand the trends Corporately based on objects of expenditures. E.g. How are salaries and wages trending? What is the use of contracts and consultants corporately? How much money does the Municipality spend on utilities, IT, etc. Including a roll-up and trend of objects of expenditure and revenues in the budget document would identify areas where additional analysis may be required.

Future Opportunities and Recommendations

Opportunities

- **Performance Based Budgeting** – The Municipality prepares a detailed Operating Budget with significant detail on revenues and expenditures as well as alignment with the Strategic Plan. Performance measures should be incorporated into the budget document. Performance measures show the effectiveness and efficiency of services and achievement towards organizational goals. Performance measurement plays an important role in:
 - Establishing an understanding of the expected results;
 - Tracking progress towards results;
 - Highlighting areas of risk and determining areas for priority attention; and
 - Assessing resource requirements.

To best assess performance it is suggested that a range of financial and non-financial measures be used to evaluate and monitor budget results.

Future Opportunities and Recommendations

Opportunities

- **Consolidate Capital Reserves** - The Municipality has 13 individual reserves used for capital purposes. With the existing practice of maintaining separate capital reserves, Corporate priorities may not be addressed because of a lack of funding in a specific reserve. Consolidating Capital Reserves would improve flexibility to address corporate priorities and reduce administration. This will require the establishment of targets and policies for usage and contributions to align with the Asset Management Plan.
- **Additional Joint Purchasing/Contracts** - While there are a number of areas where joint tendering and purchasing are undertaken, there are additional opportunities for efficiencies to combine purchasing needs across departments and in co-operation with other municipalities. North Middlesex should pro-actively work to identify other municipalities that can benefit from joint procurement and identify goods and services that are standardized.

Future Opportunities and Recommendations

Opportunities

- ***Stormwater Utility*** - Consideration should be given to establishing a separate Stormwater Utility, consistent with the practice in a number of other jurisdictions. This practice helps to ensure adequate funding for increasing storm management requirements and provides a more equitable approach to funding stormwater operations. This would move the costs associated with stormwater management off property taxes and onto a separate bill. This would improve fairness and equity as a different methodology would be employed, taking into consideration size of property, type of customer, impervious area rather than current value assessment.

Future Opportunities and Recommendations

Opportunities

- ***Transparency of County Costs for Local Services*** –Currently there are services provided by the County such as dispatch (changed to Middlesex Centre), Library, Planning, IT and some roads that are added to the County levy. To improve cost of service transparency, it is recommended that these costs be broken down by activity and charged to the appropriate service. The current approach where costs are incorporated into the County level for local services distorts comparative analysis in some areas and makes it more challenging to determine whether revenue recovery targets are being met (e.g. Planning).

Future Opportunities and Recommendations

Opportunities

- ***User Fee Policies*** –User fee policies should be established that identify all direct and indirect costs of the program and the portion of the costs that should be recovered from fees. This will provide all stakeholders a better understanding of the cost of service and the appropriateness of established fees. The policy should also identify the frequency with which cost of service studies will be undertaken. For example, Building fees which is 100% recovered from fees currently does not incorporate all Corporate overhead costs. Including all indirect costs in fee calculations would reduce the taxpayer subsidization.
- ***Review Development Charges Discount Policies*** - Currently Development Charges are discounted. Eliminating the discounts would provide additional revenues to reduce taxpayer contributions to support growth related expenditures. There is also a need for a new DC Background Study to incorporate additional new growth related costs (e.g. Fire).

Future Opportunities and Recommendations

Opportunities

- ***Regularly Tender Corporate Professional Services*** – Insurance, audit and banking should to tendered every 3-5 years to ensure that the cost of service for professional fees is competitive.
- ***Potential Budgetary Savings*** – There were a number of areas in the line-by-line review that pose a potential opportunity to reduce the net levy based on an analysis of budget in relation to actual revenues and expenditures. These have been identified throughout the report.
- ***Master Plans*** – There are a number of areas where Master Plans are recommended to identify capital improvement goals and determine the available funding sources. This includes Facilities, Fire and Recreation

Future Opportunities and Recommendations

Opportunities

- ***Rationalizing Property and Land Holdings*** - There are a number of properties including the former Town Hall and other facilities that are rented out which should be assessed to determine their overall condition, repair costs and to rationalize their ongoing need within the Municipality's portfolio. Decommissioning some facilities could result in a reduction of costs and potential revenues from sale of properties.
- ***Advocating for Infrastructure Funding*** – This is particularly required for water and sewer operations to support future growth and replacement requirements as the system is expensive, large and has limited customers to support the cost of service.

Municipal Peer Comparators

- In total, 6 peer municipalities were included in the comparative analysis. Data was analyzed using the most currently Financial Information Return (2018), typically on two approaches; per capita and per \$100,000 of assessment.
- The issue with regards to benchmarks is that comparability is not as straight forward as there are differences in service levels that municipalities strategically choose that must be taken into consideration. The following municipalities were selected that are all lower tier municipalities with relatively small population base, a relatively large land area and a similar population density.

Municipality	2016 Stats Canada Population	2019 Estimate Population Manifold Data Mining	Land Area aq. Km	Density Land Area per sq. km
Southgate	7,354	7,421	644	12
Grey Highlands	9,804	10,383	883	12
West Grey	12,518	12,612	876	14
South Bruce Peninsula	8,416	8,758	532	16
Brockton	9,461	9,862	565	17
Lambton Shores	10,631	11,047	331	33
North Middlesex	6,352	6,423	598	11

Cost of Service Benchmarking Summary

- The following chart summarizes key operating areas where the Municipality of North Middlesex is operating above or above the peer average cost of the service. Note that this table does not imply inefficiencies in the operations where costs are above the average as it may be reflective of differences in the levels of services and programs offered as well as differences in terms of population density and the strength of the assessment base.

Below Average	Above Average
Police	Administration
Solid Waste Collection	Fire
Cemeteries	Roads, Winter, Bridges
Recreation	Recycling



***Corporate Level
Executive Summary***

Corporate Wide Levy Summary by Major Service Area

Operating Net Levy	Budget						Annual Avg % 2015-2020	\$ change 2015-2020	% of Total Increase 2015- 2020
	2015	2016	2017	2018	2019	2020			
OMPF Grant	\$ (2,622,500)	\$ (2,233,100)	\$ (1,898,200)	\$ (1,618,200)	\$ (1,371,500)	\$ (1,165,800)	-15.0%	\$ 1,456,700	52%
Administration	\$ 1,911,201	\$ 1,968,868	\$ 1,927,615	\$ 1,942,090	\$ 2,024,470	\$ 2,205,918	2.9%	\$ 294,716	10%
Protection to Persons & Property Works	\$ 1,868,045	\$ 1,918,197	\$ 2,021,335	\$ 2,059,586	\$ 2,270,315	\$ 2,533,563	6.3%	\$ 665,518	24%
Health Services	\$ 3,245,650	\$ 3,104,374	\$ 3,094,449	\$ 3,248,977	\$ 3,341,450	\$ 3,400,234	0.9%	\$ 154,584	5%
Facilities & Recreation	\$ 276,925	\$ 189,032	\$ 265,229	\$ 265,497	\$ 261,852	\$ 282,472	0.4%	\$ 5,547	0%
Planning and Development	\$ 766,561	\$ 857,299	\$ 915,666	\$ 987,408	\$ 1,039,004	\$ 982,470	5.1%	\$ 215,909	8%
	\$ 236,470	\$ 188,152	\$ 225,100	\$ 273,290	\$ 274,750	\$ 266,484	2.4%	\$ 30,014	1%
Total Tax Levy	\$ 5,682,353	\$ 5,992,821	\$ 6,551,193	\$ 7,158,648	\$ 7,840,341	\$ 8,505,340	8.4%	\$ 2,822,988	100%

Note: minor differences from levy by-law in previous years due to data exports from Municipal spreadsheets and accounting systems

From 2015-2020:

- The total levy increased by \$2.8 million, an average annual increase of 8.4%;
- The Provincial grant (OMPF) has reduced from \$2.6 million in 2015 to \$1.2 million in 2020. This is the single greatest increase in the levy (52% of the total increase);
- Administration which includes Council, Finance, Clerks, CAO, HR as well as the corporate capital reserve allocations increased, on average, 2.9% annually, primarily driven by a need to increase contributions to capital reserves to support the AMP;
- Protection Services increased \$665,500 which is equal to an average annual increase of 6.3% and represents 24% of the total increases. Increases are primarily in Fire to support equipment replacement;
- Works has experience minor annual increase (0.9% on average);
- Health Services includes Recycling, Waste and Drainage, with a minor increase annually; and
- Facilities and Recreation increased on average 5.1% annually.

Corporate Wide Levy Summary by Department and Business Units

Operating Net Levy	Budget						Annual Avg %	\$ change
	2015	2016	2017	2018	2019	2020	2015-2020	2015-2020
OMPF Grant	\$ (2,622,500)	\$ (2,233,100)	\$ (1,898,200)	\$ (1,618,200)	\$ (1,371,500)	\$ (1,165,800)	-15.0%	\$ 1,456,700
ADMINISTRATION								
Council	\$ 181,450	\$ 170,465	\$ 181,014	\$ 130,350	\$ 141,200	\$ 185,691	0.5%	\$ 4,241
Administration	\$ 1,712,086	\$ 1,781,333	\$ 1,726,131	\$ 1,783,990	\$ 1,856,600	\$ 1,864,887	1.7%	\$ 152,801
Elections	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 5,000	\$ 5,000	0.0%	\$ -
Service Ontario	\$ 12,665	\$ 12,071	\$ 15,469	\$ 17,750	\$ 21,670	\$ 9,660	-5.3%	\$ (3,005)
HR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,680	0.0%	\$ 140,680
	\$ 1,911,201	\$ 1,968,868	\$ 1,927,615	\$ 1,942,090	\$ 2,024,470	\$ 2,205,918	2.9%	\$ 294,716
PROTECTION TO PERSONS & PROPERTY								
Animal Control	\$ 1,300	\$ 2,491	\$ 1,191	\$ 1,991	\$ 2,300	\$ 250	-28.1%	\$ (1,050)
Building Department	\$ 13,942	\$ 1,224	\$ (65)	\$ (68,960)	\$ (34,530)	\$ (2,333)	-169.9%	\$ (16,275)
By-Law Enforcement	\$ 27,480	\$ 64,515	\$ 36,170	\$ 39,270	\$ 35,950	\$ 36,150	5.6%	\$ 8,670
Conservation Authority	\$ 167,870	\$ 172,391	\$ 189,401	\$ 188,174	\$ 159,664	\$ 186,034	2.1%	\$ 18,164
Mosquito Control	\$ 46,900	\$ 41,214	\$ 41,250	\$ 45,300	\$ 45,300	\$ 45,200	-0.7%	\$ (1,700)
Fenceviewing	\$ -	\$ 2	\$ (115)	\$ 385	\$ -	\$ -		\$ -
Fire Department	\$ 589,811	\$ 598,583	\$ 656,339	\$ 692,015	\$ 850,249	\$ 1,139,274	14.1%	\$ 549,463
Crossing Guards	\$ 7,325	\$ 7,450	\$ 8,050	\$ 8,070	\$ 8,440	\$ 9,335	5.0%	\$ 2,010
Health & Safety/Emergency Me	\$ 68,865	\$ 70,760	\$ 69,674	\$ 83,695	\$ 89,350	\$ 10,000	-32.0%	\$ (58,865)
Policing	\$ 944,552	\$ 959,568	\$ 1,019,440	\$ 1,069,646	\$ 1,113,592	\$ 1,109,653	3.3%	\$ 165,101
	\$ 1,868,045	\$ 1,918,197	\$ 2,021,335	\$ 2,059,586	\$ 2,270,315	\$ 2,533,563	6.3%	\$ 665,518

- From 2015-2020, Administration increased \$294,716, primarily driven by increases in the contributions to Capital Reserves
- Protection to Persons and Property include a number of services, with Fire and Police representing the majority of the total net expenditures

Corporate Wide Levy Summary by Department

Operating Net Levy	Budget						Annual Avg % 2015-2020	\$ change 2015-2020
	2015	2016	2017	2018	2019	2020		
WORKS DEPARTMENT								
Works Administration	\$ 881,515	\$ 914,511	\$ 935,431	\$ 895,670	\$ 999,355	\$ 983,130	2.2%	\$ 101,615
Maintenance	\$ 1,733,460	\$ 1,567,104	\$ 1,542,374	\$ 1,715,707	\$ 1,749,970	\$ 1,711,519	-0.3%	\$ (21,941)
Equipment Maintenance	\$ 408,650	\$ 388,645	\$ 373,647	\$ 374,130	\$ 343,430	\$ 374,470	-1.7%	\$ (34,180)
Snow Plow, Sanding & Salting	\$ 177,025	\$ 188,214	\$ 197,097	\$ 216,570	\$ 210,295	\$ 292,215	10.5%	\$ 115,190
Streetlighting	\$ 45,000	\$ 45,900	\$ 45,900	\$ 46,900	\$ 38,400	\$ 38,900	-2.9%	\$ (6,100)
	\$ 3,245,650	\$ 3,104,374	\$ 3,094,449	\$ 3,248,977	\$ 3,341,450	\$ 3,400,234	0.9%	\$ 154,584
HEALTH SERVICES								
Waste & Recycling	\$ 246,250	\$ 159,914	\$ 218,269	\$ 217,000	\$ 221,945	\$ 256,627	0.8%	\$ 10,377
Cemeteries	\$ 30,675	\$ 29,118	\$ 46,960	\$ 48,497	\$ 39,907	\$ 25,845	-3.4%	\$ (4,831)
	\$ 276,925	\$ 189,032	\$ 265,229	\$ 265,497	\$ 261,852	\$ 282,472	0.4%	\$ 5,547

- From 2015-2020, Works increased \$154,584 primarily driven by increases in the snow plowing, sanding and salt.
- Protection to Persons and Property include a number of services, with Fire and Police representing the majority of the total net expenditures.

Corporate Wide Levy Summary by Department

Operating Net Levy	Budget						Annual Avg % 2015-2020	\$ change 2015-2020
	2015	2016	2017	2018	2019	2020		
FACILITIES & RECREATION								
Recreation Administration	\$ 180,365	\$ 186,216	\$ 256,978	\$ 264,330	\$ 275,450	\$ 287,269	9.8%	\$ 106,904
Equipment Maintenance	\$ 18,027	\$ 28,725	\$ 28,600	\$ 25,050	\$ 24,500	\$ 22,800	4.8%	\$ 4,773
Parkhill Arena	\$ 146,439	\$ 201,278	\$ 185,068	\$ 227,468	\$ 231,379	\$ 191,602	5.5%	\$ 45,163
Parkhill Community Centre	\$ 30,064	\$ 29,072	\$ 32,289	\$ (1,665)	\$ 40,128	\$ 34,232	2.6%	\$ 4,168
North Middlesex Sports Fields & Parks	\$ 97,830	\$ 90,328	\$ 110,072	\$ 126,840	\$ 124,250	\$ 132,371	6.2%	\$ 34,541
Parks Grass Cutting	\$ 30,425	\$ 51,465	\$ 48,675	\$ 60,200	\$ 55,700	\$ 19,523	-8.5%	\$ (10,902)
Leisure Club	\$ (865)	\$ (922)	\$ (814)	\$ 386	\$ 4,302	\$ 2,815	-226.6%	\$ 3,680
Ailsa Craig Community Centre	\$ 36,114	\$ 43,121	\$ 41,592	\$ 50,495	\$ 51,370	\$ 41,756	2.9%	\$ 5,642
Arena Canteen	\$ 8,250	\$ 12,620	\$ 7,300	\$ 11,010	\$ 12,200	\$ 7,034	-3.1%	\$ (1,216)
West McGillivray Community Centre- B	\$ 1,509	\$ 1,748	\$ 2,346	\$ 2,322	\$ -	\$ 1,990	5.7%	\$ 481
Nairn Optimist Rink	\$ -	\$ 12,500	\$ 15,200	\$ 19,100	\$ 19,112	\$ 10,000	0.0%	\$ 10,000
West Williams Community Centre	\$ 16,045	\$ 18,166	\$ 14,281	\$ 19,110	\$ 20,320	\$ 13,240	-3.8%	\$ (2,805)
Shared Services Building	\$ 182,028	\$ 176,800	\$ 170,280	\$ 175,050	\$ 175,664	\$ 163,904	-2.1%	\$ (18,124)
Ye Olde Town Hall	\$ 450	\$ 450	\$ 2,350	\$ 1,350	\$ 1,350	\$ 3,500	50.7%	\$ 3,050
Carnegie Building	\$ 5,190	\$ 6,638	\$ 6,222	\$ 5,775	\$ 5,907	\$ 3,960	-5.3%	\$ (1,230)
Ailsa Craig Library & Medical Centre	\$ (13,310)	\$ (14,020)	\$ (12,728)	\$ (9,585)	\$ (7,953)	\$ (8,923)	-7.7%	\$ 4,387
North Middlesex Medical Centre	\$ -	\$ -	\$ (4,914)	\$ (3,614)	\$ (3,150)	\$ (3,758)	0.0%	\$ (3,758)
Fitness Facility	\$ 27,000	\$ 12,614	\$ 12,369	\$ 13,286	\$ 7,975	\$ 59,154	17.0%	\$ 32,154
Recreation Programs	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	-100.0%	\$ (1,000)
	\$ 766,561	\$ 857,299	\$ 915,666	\$ 987,408	\$ 1,039,004	\$ 982,470	5.1%	\$ 215,909

- From 2015-2020, Facilities and Recreation increased \$215,900 on the net levy, primarily driven by increases in administration, arena and parks and sports fields which has exceeded inflation.

Corporate Wide Levy Summary by Department

Operating Net Levy	Budget						Annual Avg % 2015-2020	\$ change 2015-2020
	2015	2016	2017	2018	2019	2020		
PLANNING AND DEVELOPMENT								
PLANNING, ECON. DEVELOPMENT	\$ 96,750	\$ 115,639	\$ 127,000	\$ 159,840	\$ 159,200	\$ 126,690	5.5%	\$ 29,940
DRAINAGE LEVY	\$ 139,720	\$ 72,513	\$ 98,100	\$ 113,450	\$ 115,550	\$ 139,794	0.0%	\$ 74
	\$ 236,470	\$ 188,152	\$ 225,100	\$ 273,290	\$ 274,750	\$ 266,484	2.4%	\$ 30,014
TAX GENERAL LEVY								
	\$ 5,682,353	\$ 5,992,821	\$ 6,551,193	\$ 7,158,648	\$ 7,840,341	\$ 8,505,340	8.4%	\$ 2,822,988

Operating Revenues – 2015-2020 Budget and Trend Analysis

Corporate Wide Operating	Budget						% of total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Revenue									
Debt Repayment by Ratepayers	\$ 99,000	\$ 99,000	\$ 99,000	\$ 82,000	\$ 97,000	\$ 68,830	1%	\$ (30,170)	-7.0%
Donations	\$ 20,500	\$ 18,500	\$ 13,500	\$ 12,000	\$ 1,500	\$ 10,250	0%	\$ (10,250)	-12.9%
Gas Tax Revenue	\$ 192,785	\$ 202,785	\$ 202,424	\$ 212,064	\$ 404,760	\$ 192,696	3%	\$ (89)	0.0%
Grants	\$ 2,625,500	\$ 2,323,733	\$ 1,935,200	\$ 1,812,038	\$ 1,666,724	\$ 1,456,423	25%	\$ (1,169,077)	-11.1%
Interest Earned	\$ 28,650	\$ 39,075	\$ 44,075	\$ 69,125	\$ 104,000	\$ 153,000	3%	\$ 124,350	39.8%
Interest on Tax Arrears	\$ 50,000	\$ 50,000	\$ 50,000	\$ 60,000	\$ 60,000	\$ 65,000	1%	\$ 15,000	5.4%
Misc Revenues	\$ 369,308	\$ 307,110	\$ 281,807	\$ 290,762	\$ 895,487	\$ 856,810	15%	\$ 487,502	18.3%
Permits Revenue	\$ 78,600	\$ 87,500	\$ 108,600	\$ 158,600	\$ 124,100	\$ 156,683	3%	\$ 78,083	14.8%
Rental Revenues	\$ 385,170	\$ 387,256	\$ 395,039	\$ 397,039	\$ 383,800	\$ 406,870	7%	\$ 21,700	1.1%
User Charges	\$ 1,794,987	\$ 2,312,007	\$ 2,418,173	\$ 2,418,369	\$ 2,523,472	\$ 2,517,749	43%	\$ 722,762	7.0%
Total Revenues	\$ 5,644,501	\$ 5,826,966	\$ 5,547,818	\$ 5,511,996	\$ 6,260,843	\$ 5,884,311	100%	\$ 239,811	0.8%

- On a consolidated basis, excluding taxation, revenues from 2015-2020 have increased annually, on average, 0.8%, well below inflation.
- Grants have decreased significantly from \$2.6 million 2015 to \$1.46 million in 2020 which creates a significant burden on taxpayers to fund the loss in grant revenues.
- User Charges includes water and sewer revenues as well as other user charges.

Operating Expenditures – 2015-2020 Budget and Trend Analysis

Corporate Wide Operating Expense	Budget						% of total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Advertising Expenses	\$ 14,040	\$ 10,950	\$ 14,850	\$ 14,100	\$ 16,400	\$ 12,450	0%	\$ (1,590)	-2.4%
Audit	\$ 59,400	\$ 60,200	\$ 60,200	\$ 50,250	\$ 60,250	\$ 48,600	0%	\$ (10,800)	-3.9%
Bank Charges	\$ 309	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	0%	\$ 191	10.1%
Cleaning & Maintenance Supplies	\$ 15,950	\$ 11,000	\$ 10,480	\$ 12,080	\$ 14,145	\$ 14,300	0%	\$ (1,650)	-2.2%
Conference & Convention	\$ 19,195	\$ 17,300	\$ 17,300	\$ 22,800	\$ 20,800	\$ 33,300	0%	\$ 14,105	11.6%
Contracted Services	\$ 2,584,548	\$ 2,415,559	\$ 2,552,675	\$ 2,726,760	\$ 2,851,121	\$ 2,930,747	20%	\$ 346,200	2.5%
Dev Charges Review	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 5,000	0%	\$ 5,000	0.0%
Education & Training	\$ 41,650	\$ 51,200	\$ 66,219	\$ 84,700	\$ 86,500	\$ 92,600	1%	\$ 50,950	17.3%
Event Expenses	\$ -	\$ 184,425	\$ 82,991	\$ -	\$ -	\$ -		\$ -	
Insurance	\$ 309,090	\$ 322,543	\$ 300,956	\$ 306,891	\$ 315,934	\$ 340,951	2%	\$ 31,860	2.0%
Interest Charges	\$ 61,030	\$ 56,000	\$ 51,000	\$ 50,500	\$ 50,500	\$ -		\$ (61,030)	-100.0%
Internet Service	\$ 6,040	\$ 11,500	\$ 11,300	\$ 11,400	\$ 10,600	\$ 8,180	0%	\$ 2,140	6.3%
IT Consulting	\$ 8,240	\$ 15,000	\$ 27,650	\$ 35,500	\$ 60,500	\$ 20,808	0%	\$ 12,568	20.4%
IT Software/Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,880	0%	\$ 24,880	0.0%
Lease Expenses	\$ 6,900	\$ 8,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	0%	\$ 3,600	8.8%
Legal	\$ 63,300	\$ 57,300	\$ 60,500	\$ 60,500	\$ 60,500	\$ 70,500	0%	\$ 7,200	2.2%
Licences Expenses	\$ 3,750	\$ 3,450	\$ 3,920	\$ 3,570	\$ 3,770	\$ 3,950	0%	\$ 200	1.0%
Materials	\$ 1,067,400	\$ 1,094,675	\$ 1,217,275	\$ 1,383,425	\$ 1,346,850	\$ 1,531,570	11%	\$ 464,170	7.5%
Meal Expenses	\$ 4,336	\$ 4,050	\$ 4,250	\$ 5,100	\$ 7,600	\$ 6,325	0%	\$ 1,989	7.8%
Memberships	\$ 11,550	\$ 12,865	\$ 14,031	\$ 31,265	\$ 33,950	\$ 20,800	0%	\$ 9,250	12.5%
Misc Expenses	\$ 383,453	\$ 344,402	\$ 317,846	\$ 345,375	\$ 431,460	\$ 593,550	4%	\$ 210,097	9.1%
Office Supplies	\$ 18,970	\$ 18,911	\$ 20,416	\$ 20,350	\$ 24,500	\$ 21,250	0%	\$ 2,280	2.3%
Principal Charges	\$ 292,938	\$ 297,097	\$ 295,897	\$ 295,897	\$ 297,302	\$ 187,500	1%	\$ (105,438)	-8.5%
Professional Consulting	\$ 121,942	\$ 131,342	\$ 167,369	\$ 123,991	\$ 168,148	\$ 86,379	1%	\$ (35,563)	-6.7%
Professional Engineering	\$ 87,030	\$ 172,633	\$ 153,100	\$ 158,600	\$ 260,650	\$ 58,000	0%	\$ (29,030)	-7.8%
Program Expenses	\$ 14,940	\$ 14,800	\$ 14,500	\$ 14,500	\$ 17,500	\$ 16,500	0%	\$ 1,560	2.0%
Program Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,980	0%	\$ 2,980	0.0%
Property Taxes	\$ 77,500	\$ 77,500	\$ 77,500	\$ 84,600	\$ 86,030	\$ 41,051	0%	\$ (36,449)	-11.9%

Operating Expenditures – 2015-2020 Budget and Trend Analysis

Corporate Wide Operating Expense	Budget						% of total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Rental Expenses	\$ 13,250	\$ 13,250	\$ 15,250	\$ 13,750	\$ 13,500	\$ 28,000	0%	\$ 14,750	16.1%
Rental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,840	0%	\$ 24,840	0.0%
Repairs & Maintenance	\$ 611,457	\$ 646,460	\$ 628,588	\$ 661,973	\$ 686,300	\$ 534,500	4%	\$ (76,957)	-2.7%
Salaries, Wages & Benefits	\$ 2,533,445	\$ 2,844,904	\$ 3,027,396	\$ 3,137,808	\$ 3,159,280	\$ 3,258,768	23%	\$ 725,323	5.2%
Subcontractor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,770	1%	\$ 160,770	0.0%
Telephone	\$ 22,170	\$ 26,733	\$ 27,421	\$ 29,685	\$ 29,835	\$ 31,340	0%	\$ 9,170	7.2%
Transfer To (From) Capital	\$ -	\$ -	\$ -	\$ (40,000)	\$ 463,494	\$ 1,575,000	11%	\$ 1,575,000	0.0%
Transfer to (from) Deferred Revenue	\$ 192,785	\$ 202,785	\$ -	\$ 212,064	\$ 404,760	\$ 177,696	1%	\$ (15,089)	-1.6%
Transfer To (From) Res & Res Funds	\$ 1,460,376	\$ 1,445,165	\$ 1,717,941	\$ 1,679,763	\$ 1,546,100	\$ 699,632	5%	\$ (760,744)	-13.7%
Transfer to Conservation Authority	\$ 167,870	\$ 172,391	\$ 189,401	\$ 188,174	\$ 159,664	\$ 186,034	1%	\$ 18,164	2.1%
Transfer to County - Mapping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	
Transfer to HR Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	0%	\$ 10,000	0.0%
Transfers to Other Boards	\$ 35,368	\$ 17,808	\$ 8,663	\$ 8,815	\$ 3,969	\$ 59,148	0%	\$ 23,780	10.8%
Travel Expenses	\$ 23,130	\$ 24,000	\$ 22,525	\$ 26,150	\$ 26,500	\$ 19,400	0%	\$ (3,730)	-3.5%
Utilities	\$ 472,150	\$ 513,750	\$ 493,063	\$ 490,500	\$ 490,400	\$ 569,733	4%	\$ 97,583	3.8%
Vehicle Fuel	\$ 173,750	\$ 185,125	\$ 177,050	\$ 179,200	\$ 171,900	\$ 167,600	1%	\$ (6,150)	-0.7%
Water & Sewer Expenses	\$ 24,720	\$ 30,003	\$ 39,166	\$ 47,850	\$ 48,050	\$ 41,020	0%	\$ 16,300	10.7%
Water Purchased	\$ 419,000	\$ 580,905	\$ 590,000	\$ 590,000	\$ 650,000	\$ 663,000	5%	\$ 244,000	9.6%
Total Expenses	\$ 11,422,972	\$ 12,098,982	\$ 12,491,689	\$ 13,080,886	\$ 14,091,762	\$ 14,389,652	100%	\$ 2,966,680	4.7%
Net Operating Levy	\$ 5,778,472	\$ 6,272,016	\$ 6,943,871	\$ 7,568,890	\$ 7,830,919	\$ 8,505,341		\$ 2,726,869	8.0%

- Budgeted expenditures have increased by \$3.0 million since 2015. The average annual increase in expenses was 4.7%.
- The largest increases from a dollar perspective is Transfers to Capital which represents 11% of the total expenditures.
- Salaries, wages and benefits represents 24% of the total expenditures which increased, on average 5.2% annually.

Budget Review by Department



Administration



Administration – Background Information

Services and Portfolio

Administration includes Corporate Services and Council as follows:

- Council
- Municipal Election
- CAO's Office
- Finance
- Clerks
- HR
- Service Ontario
- Contributions to the Capital Reserves

Administration – Summary by Business Unit

Administration Operating	Budget						% of Total 2020	% change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Council	\$ 181,450	\$ 170,465	\$ 181,014	\$ 130,350	\$ 141,200	\$ 185,691	8%	\$4,241	0.5%
Administration	\$ 1,712,086	\$ 1,781,333	\$ 1,726,131	\$ 1,783,990	\$ 1,856,600	\$ 2,005,567	91%	\$293,481	3.2%
Elections	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 5,000	\$ 5,000	0%	\$0	0.0%
Service Ontario	\$ 12,665	\$ 12,071	\$ 15,469	\$ 17,750	\$ 21,670	\$ 9,660	0%	(\$3,005)	-5.3%
Total Net Administration Levy	\$ 1,911,201	\$ 1,968,868	\$ 1,927,615	\$ 1,942,090	\$ 2,024,470	\$ 2,205,918	100.0%	\$294,716	2.9%

- The average annualized % change in the net levy for Administration from 2015-2020 was 2.9%.

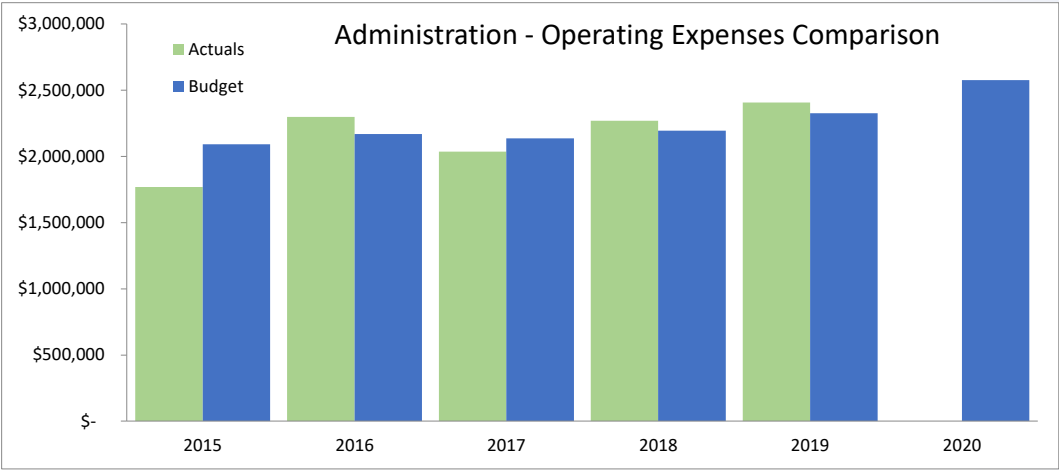
Administration – Summary by Operating Object of Expenditure

Administration Operating	Budget						% of Total 2020	\$ change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Salaries, Wages & Benefits	\$ 713,780	\$ 786,391	\$ 851,380	\$ 821,600	\$ 855,350	\$ 796,605	31%	\$ 82,825	2.2%
Insurance	\$ 78,980	\$ 69,787	\$ 45,390	\$ 48,200	\$ 56,300	\$ 50,000	2%	\$ (28,980)	-8.7%
IT Consulting	\$ 8,240	\$ 15,000	\$ 27,150	\$ 35,000	\$ 60,000	\$ 20,808	1%	\$ 12,568	20.4%
Transfer To (From) Res & Res Funds	\$ 927,098	\$ 798,664	\$ 817,710	\$ 959,700	\$ 939,400	\$ 1,166,560	45%	\$ 239,462	4.7%
Audit	\$ 41,200	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 45,000	2%	\$ 3,800	1.8%
Legal	\$ 36,300	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 40,000	2%	\$ 3,700	2.0%
Misc Expenses	\$ 285,803	\$ 426,637	\$ 322,594	\$ 257,700	\$ 343,010	\$ 457,080	18%	\$ 171,277	9.8%
Total Operating Expenses	\$ 2,091,401	\$ 2,168,478	\$ 2,136,225	\$ 2,194,200	\$ 2,326,060	\$ 2,576,053	100%	\$ 484,651	4.3%
Interest Earned and Interest on Arrears	\$ 75,000	\$ 85,000	\$ 90,000	\$ 125,000	\$ 160,000	\$ 215,000	58%	\$ 140,000	23.4%
Grants	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	1%	\$ 3,000	0.0%
Commissions Revenue	\$ 29,000	\$ 34,000	\$ 32,000	\$ 32,000	\$ 30,000	\$ 36,000	10%	\$ 7,000	4.4%
Penalty Revenue	\$ 36,500	\$ 36,500	\$ 36,500	\$ 40,500	\$ 46,000	\$ 49,500	13%	\$ 13,000	6.3%
Miscellaneous Revenues	\$ 39,700	\$ 41,110	\$ 47,110	\$ 51,610	\$ 62,590	\$ 66,635	18%	\$ 26,935	10.9%
Total Operating Revenues	\$ 180,200	\$ 199,610	\$ 208,610	\$ 252,110	\$ 301,590	\$ 370,135	100%	\$ 189,935	15.5%
Total Net Operating Levy	\$ 1,911,201	\$ 1,968,868	\$ 1,927,615	\$ 1,942,090	\$ 2,024,470	\$ 2,205,918		\$ 294,716	2.9%

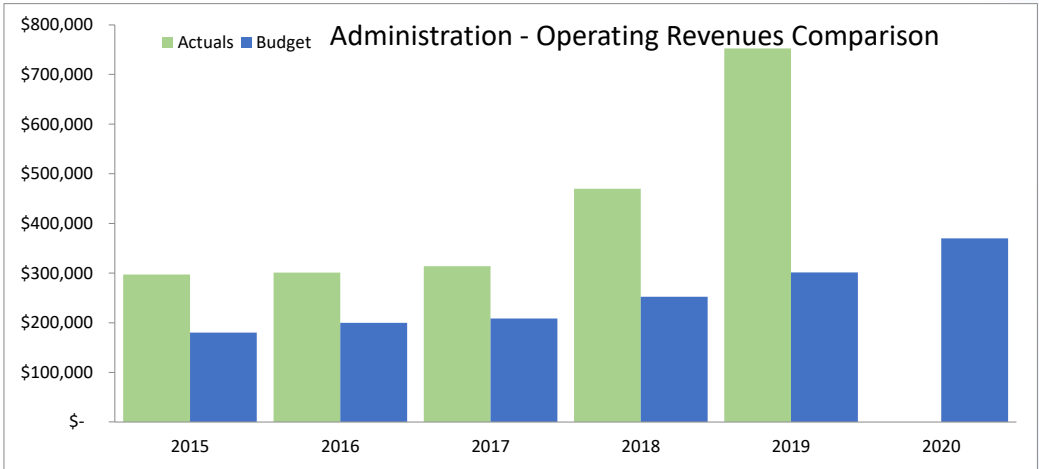
- 31% of the Operating Expenditures are related to Salaries, Wages & Benefits, which have increased, on average 2.2% annually.
- Contributions to the Reserves is a budget driver with an increase in contributions from \$927,100 in 2015 to \$1.17 million in 2020 as a part of the Municipality's strategy to support capital requirements.
- Revenues have increased annually on average by 15.5%, largely driven by interest earned and interest on arrears. These revenues increased from \$75,000 in 2015 to \$215,000 in 2020.

Administration – Operating Revenues and Expenditures

- Budgeted operating expenses have increased from 2015-2019



- Actual revenues have exceeded the budget in each year
- The increase in 2019 is related in part to a one time grant



Administration – Variance Between Budget and Actual Revenues

Administration Operating	Budget to Actuals				
	2015	2016	2017	2018	2019
Revenue					
Commissions Revenue	\$ (6,794)	\$ 2,197	\$ (2,347)	\$ (407)	\$ (15,124)
Event Revenues	\$ (10,482)	\$ (15,462)	\$ (13,439)	\$ (9,459)	\$ (12,787)
Grants	\$ (9,047)	\$ (31,533)	\$ (28,533)	\$ (93,883)	\$ (293,222)
Interest Earned	\$ (20,613)	\$ (16,770)	\$ (26,415)	\$ (77,180)	\$ (89,865)
Interest on Tax Arrears	\$ (11,686)	\$ (12,902)	\$ (20,164)	\$ (4,631)	\$ (10,632)
Licences Revenue	\$ 1,297	\$ (2,355)	\$ (3,890)	\$ (3,212)	\$ 507
Misc Revenues	\$ (48,364)	\$ (14,418)	\$ 1,288	\$ (15,404)	\$ (22,510)
Penalty Revenue	\$ (9,500)	\$ (5,735)	\$ (7,582)	\$ (12,854)	\$ (6,451)
Permits Revenue	\$ 55	\$ (35)	\$ 40	\$ 25	\$ 25
Rental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
User Charges	\$ (1,814)	\$ (4,492)	\$ (4,165)	\$ (565)	\$ (730)
Total Revenues	\$ (116,947)	\$ (101,504)	\$ (105,206)	\$ (217,570)	\$ (450,789)

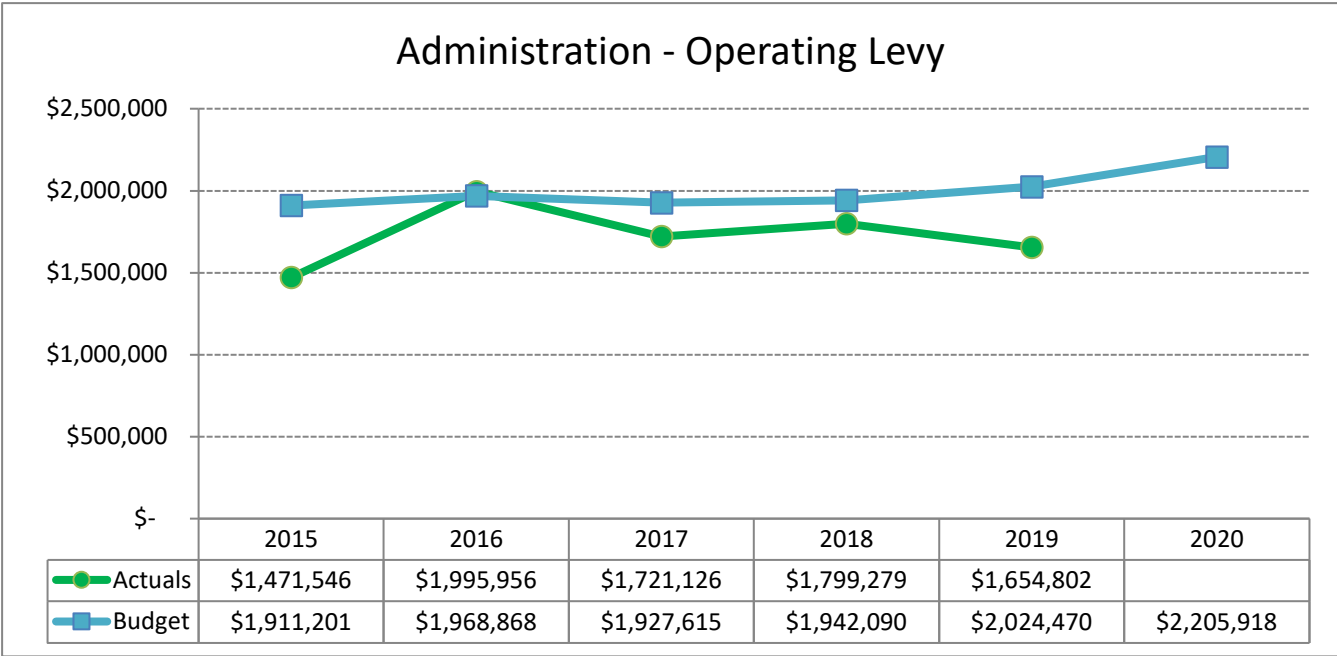
- The table above reflects the variance in Administration revenues annually. Negative variances reflects where actual revenues have exceeded budget.
- As shown above, budgeted revenues have been below the actual revenues generated.
- While interest earned and interest on arrears has been annually increased in the budget to reflect actual increases experienced, every year the budget has understated the expected revenue. The 2020 budget reflects an increase of \$55,000 to reflect more accurately interest revenues.

Administration – Variance Between Budget and Actual Expenditures

Administration Operating	Budget to Actuals				
	2015	2016	2017	2018	2019
Salaries, Wages & Benefits	\$ 34,807	\$ 178	\$ 116,956	\$ 47,306	\$ 129,392
Insurance	\$ 36,815	\$ 28,482	\$ 2,538	\$ 2,798	\$ 5,027
IT Consulting	\$ (5,501)	\$ (3,413)	\$ 9,566	\$ 10,667	\$ 19,786
Transfer To (From) Res & Res Funds	\$ 161,600	\$ (276,510)	\$ 25,381	\$ 538,940	\$ (221,065)
Audit	\$ (345)	\$ (12,074)	\$ 2,719	\$ (4,260)	\$ (22,396)
Legal	\$ 12,290	\$ 17,968	\$ 9,862	\$ 630	\$ (20,290)
Misc Expenses	\$ 83,041	\$ 116,777	\$ (65,742)	\$ (115,101)	\$ 28,425
Total Operating Expenses	\$ 322,708	\$ (128,592)	\$ 101,282	\$ 480,981	\$ (81,121)

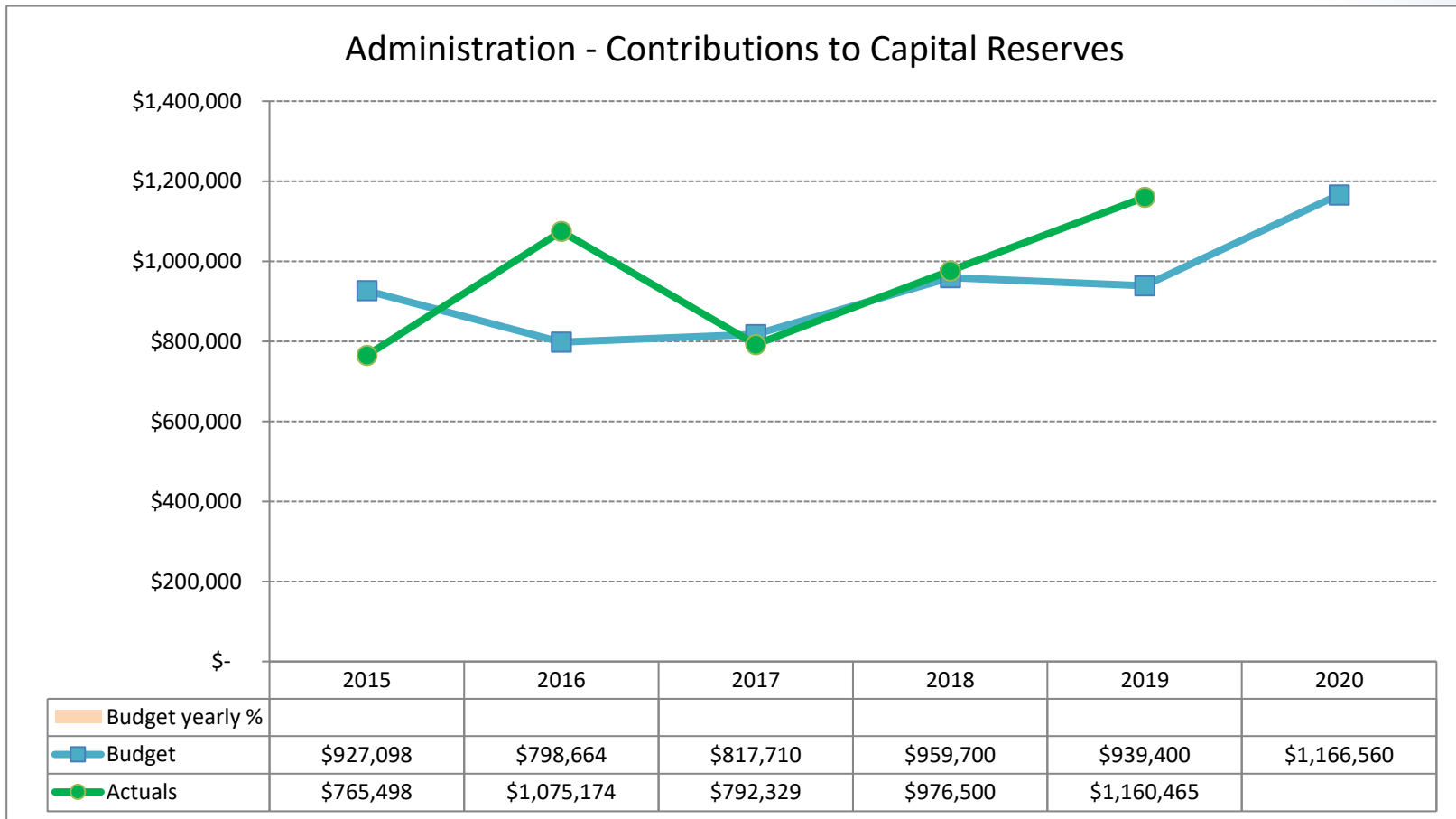
- The table above reflects the variance in Administration revenues annually. Positive expenditure variances reflects where actual expenses have been lower than the budget.
- As shown above, modifications have been made to the insurance budget to better align to actuals.
- Salaries, wages and benefits have been underspent, largely due to salary gapping and vacancies.
- Transfer to and from reserves is a factor in variance analysis.

Administration – Net Operating Levy



- As shown above, the actual net operating levy is below the budget in each year.
- The average annual net under-expenditure is approximately \$300,000.

Administration – Transfer to Capital Reserves



- The budgeted contributions to capital reserves has been inclining annually to support the timely replacement of assets, in accordance with the Municipality's asset management plan (AMP).

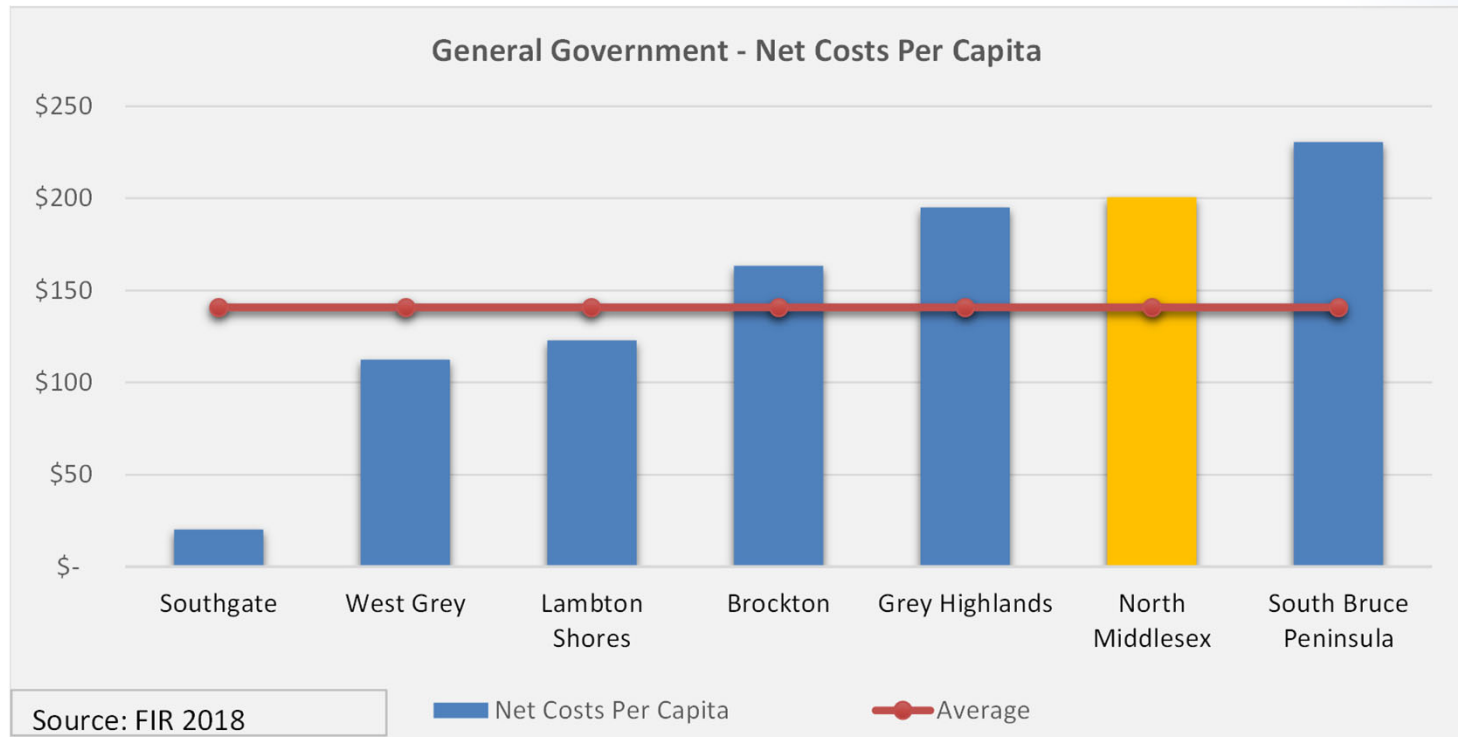
Administration – Observations

- A leading practice is to tender corporate services such as banking, audit and insurance every 3-5 years which has not been undertaken by the Municipality within this timeframe. This is recommended to ensure that the fees for service continue to competitive.
 - It should be noted, however, that the costs for insurance has declined from \$78,980 in 2015 to \$50,000 in 2020
 - Audit costs have increased, on average 1.8% annually from 2015-2020, lower than inflation however the 2019 audit cost exceeded the budget of \$42,000 by \$23,000



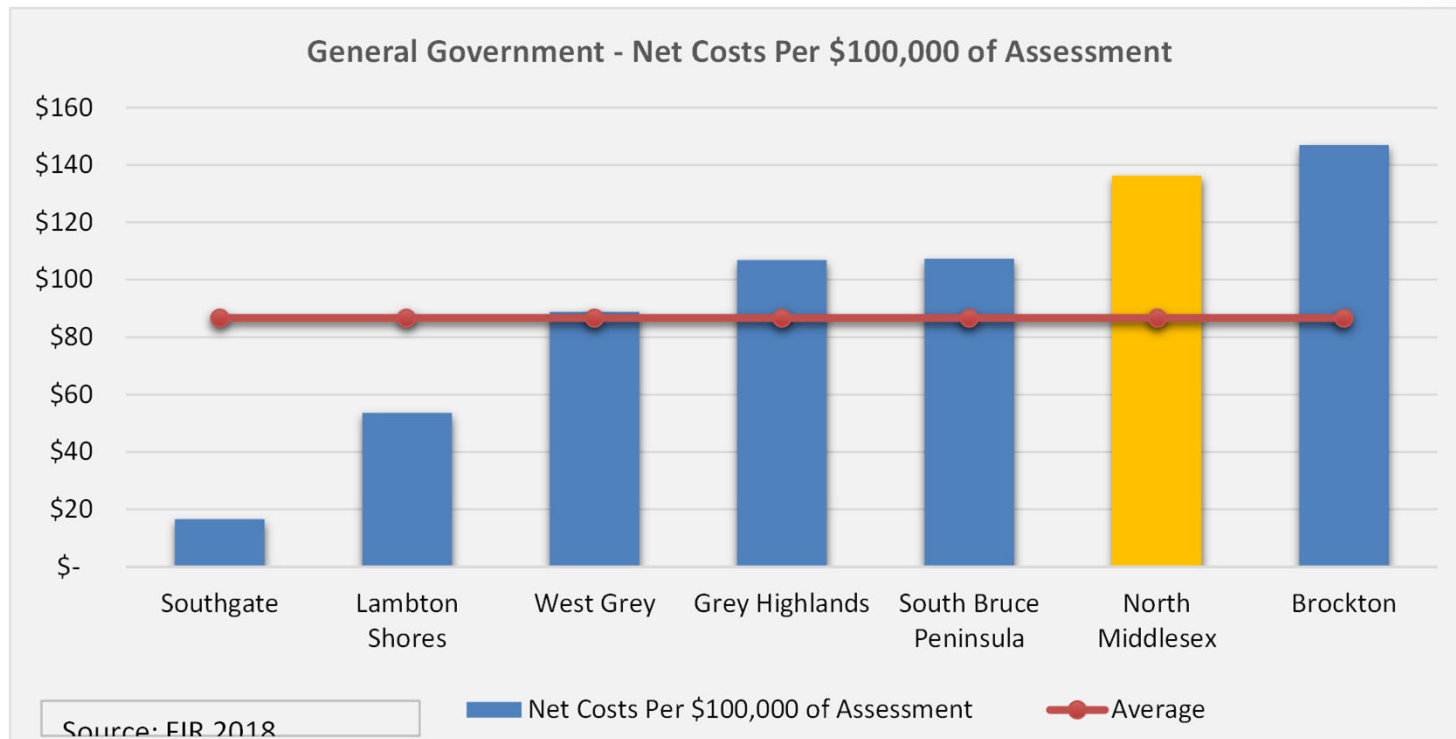
Benchmarking Administration

Administration – Net Costs Per Capita



- Administration costs in North Middlesex are higher than the peer survey on a per capita basis.
- There are many factors that can impact the comparative analysis including the extent to which corporate costs (e.g. IT, HR, Legal, Audit, Insurance etc.) are centralized versus charged out to departments, the levels of service, how services are provided and where reserve contributions are made.

Administration – Net Costs Per \$100,000 of Assessment



- Administration costs in North Middlesex are above the peer survey on a per \$100,000 of assessment basis, due in part to a lower relative assessment base upon which to fund programs and services.

Protection Services

Protection Services

Services and Portfolio

Protection Services includes the following key activities:

- Fire (Volunteer force) for 6,352 residents
- Police Protection (Contract through OPP) for 6,352 residents
- Conservation Authority Levy
- Bylaw Enforcement including animals, parking and tidy lot infractions (now contracted service)
- Crossing Guards
- Building (Future Shared Service Agreement)
 - Issue an average of 222 building permits annually which is operated on a self sustaining basis, with no/limited contributions from the levy
 - Inspections to ensure compliance with the Ontario Building Code Act

Protection Services – Summary by Business Unit

PROTECTION TO PERSONS & PROPERTY	Budget						% of total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Net Operating Levy									
Animal Control	\$ 1,300	\$ 2,491	\$ 1,191	\$ 1,991	\$ 2,300	\$ 250	0%	\$ (1,050)	-28.1%
Building Department	\$ 13,942	\$ 1,224	\$ (65)	\$ (68,960)	\$ (34,530)	\$ (2,333)	0%	\$ (16,275)	-169.9%
By-Law Enforcement	\$ 27,480	\$ 64,515	\$ 36,170	\$ 39,270	\$ 35,950	\$ 36,150	1%	\$ 8,670	5.6%
Conservation Authority	\$ 167,870	\$ 172,391	\$ 189,401	\$ 188,174	\$ 159,664	\$ 186,034	7%	\$ 18,164	2.1%
Mosquito Control	\$ 46,900	\$ 41,214	\$ 41,250	\$ 45,300	\$ 45,300	\$ 45,200	2%	\$ (1,700)	-0.7%
Fire Department	\$ 589,811	\$ 598,583	\$ 656,339	\$ 692,015	\$ 850,249	\$ 1,139,274	45%	\$ 549,463	14.1%
Health & Safety/Emergency Measures	\$ 68,865	\$ 70,760	\$ 69,674	\$ 83,695	\$ 89,350	\$ 10,000	0%	\$ (58,865)	-32.0%
Crossing Guards	\$ 7,325	\$ 7,450	\$ 8,050	\$ 8,070	\$ 8,440	\$ 9,335	0%	\$ 2,010	5.0%
Policing	\$ 944,552	\$ 959,568	\$ 1,019,440	\$ 1,069,646	\$ 1,113,592	\$ 1,109,653	44%	\$ 165,101	3.3%
Net Operating Levy	\$ 1,868,045	\$ 1,918,197	\$ 2,021,335	\$ 2,059,586	\$ 2,270,315	\$ 2,533,563	100%	\$ 665,518	6.3%

- Protection Services includes Police, By-law Enforcement (now contracted), Conservation Authority, Crossing Guards, Buildings and Fire.
- Fire represents 45% of the Protection Services Operating Levy in 2020 and Police represents 44%.
- The average annualized % change from 2015-2020 is 6.3% on the net operating levy, primarily driven by Fire where increases in reserve contributions have been made.
- By-law Enforcement service which was previously provided by staff was contracted in 2020.
- Police Services are provided through an OPP contract, with an annual net increase of 3.3%.

Protection Services – Summary by Operating Object of Expenditure

PROTECTION TO PERSONS & PROPERTY Operating	Budget						% of Total 2020	\$ change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Salaries, Wages & Benefits	\$ 406,910	\$ 449,857	\$ 439,226	\$ 445,076	\$ 446,405	\$ 515,761	19%	\$ 108,851	4.9%
Contracted Services	\$ 990,202	\$ 999,232	\$ 1,061,640	\$ 1,115,846	\$ 1,160,592	\$ 1,205,053	45%	\$ 214,851	4.0%
Repairs & Maintenance	\$ 39,500	\$ 47,000	\$ 39,038	\$ 46,450	\$ 61,150	\$ 68,550	3%	\$ 29,050	11.7%
Transfer To (From) Res & Res Funds	\$ 176,407	\$ 175,742	\$ 228,664	\$ 235,600	\$ 350,000	\$ 475,925	18%	\$ 299,518	22.0%
Transfer to Conservation Authority	\$ 167,870	\$ 172,391	\$ 189,401	\$ 188,174	\$ 159,664	\$ 186,034	7%	\$ 18,164	2.1%
Transfers to Other Boards	\$ 35,368	\$ 17,808	\$ 8,663	\$ 8,815	\$ 3,969	\$ 59,148	2%	\$ 23,780	10.8%
Misc Expenses	\$ 136,900	\$ 146,680	\$ 168,253	\$ 184,875	\$ 215,235	\$ 187,725	7%	\$ 50,825	6.5%
Total Operating Expenses	\$ 1,953,157	\$ 2,008,709	\$ 2,134,885	\$ 2,224,836	\$ 2,397,015	\$ 2,698,196	100%	\$ 745,040	6.7%
Building Permit Fees	\$ 74,000	\$ 83,600	\$ 104,000	\$ 155,000	\$ 123,000	\$ 154,333	94%	\$ 80,333	15.8%
Other Revenues	\$ 9,812	\$ 6,912	\$ 9,550	\$ 10,250	\$ 3,700	\$ 10,300	6%	\$ 488	1.0%
Total Operating Revenues	\$ 83,812	\$ 90,512	\$ 113,550	\$ 165,250	\$ 126,700	\$ 164,633	100%	\$ 80,821	14.5%
Total Net Operating Levy	\$ 1,869,345	\$ 1,918,197	\$ 2,021,335	\$ 2,059,586	\$ 2,270,315	\$ 2,533,563		\$ 664,218	6.3%

- 19% of the Operating Expenditures are related to Salaries, Wages & Benefits, which have increased, on average 4.9% annually.
- 45% of the 2020 Protection Net Levy is related to contracted services, primarily related to Police Services.
- Transfers to Reserves is related to transfers to capital reserves to support Fire Services.

Protection Services – Operating Expenditures



- In every year, the actual expenditures were slightly lower than the budget, reflecting adherence to the budget and limited variability in the costs.

Fire Department



Fire – Background Information

Services and Portfolio

- The North Middlesex Fire Department is served by a volunteer fire department
 - 50 volunteers – currently at full complement
 - 2 fire stations located in both Ailsa Craig and Parkhill
 - New replacement fire station – co-locating with EMS scheduled for completion in 2022
 - One area covered by a Fire Protection Agreement with the Lucan-Biddulph Fire Department

Fire - Observations

Opportunities

- Options for green initiatives in new fire station may reduce operating costs in the future.
- North Middlesex is taking advantage of an opportunity to utilize a shared service delivery with Middlesex Centre for a fire prevention officer and investigation services. It is anticipated that this will increase the number of inspections undertaken at a lower cost of service.
- Increased reserve contributions for new building and equipment have been put in place to support lifecycle costing and timely replacement of assets as they come due for replacement.
- It is recommended to consolidate the Fire Equipment and Fire Building Capital Reserves to improve flexibility to utilize funds in the area of highest need.
- New Fire Station - Municipality's cost is estimated to be \$2.5 million which will likely require debt issuance from County through an **interest free loan**. Some of these costs could be recovered from future Development Charges that are related to growth. This would require a new DC Background Study.

Fire - Observations

Challenges/Risks

- Budgetary challenges, with a need to increase reserve contributions to fund future equipment replacement and building needs in accordance with the AMP and new fire station.
- Growth in the municipality will increase service requirements.
- Additional Volunteer Firefighter Training is Needed:
 - Current training approach is to provide training every other week for a total of 52 hours of training. The number of hours is relatively low to maintain sufficient training at the level required to respond to emergencies and additional training and associated expenses may be required.
- Fire Master Plan – There is currently no Fire Master Plan which is needed, particularly as the Municipality continues to grow to track response times and services. This is a leading practice and should be considered to align with the construction of the new fire station.

Emergency Response - Call Events

Fire Events	2015	2016	2017	2018	2019	Average
Medical Assist	31	27	11	29	22	24
MVC or Extrication	25	20	19	26	27	23
Alarm or CO	13	11	8	19	15	13
Other	10	13	14	14	14	13
Vehicle Fire	8	5	8	4	9	7
Open Burn	6	14	6	2	3	6
Structure Fire	9	6	9	5	2	6
Wild/Grass Fire	9	6	7	3	3	6
False Alarm	1	3	5	2	0	2
Mutual Aid	0	3	1	1	3	2
Chimney Fire	0	1	1	1	0	1
Total	112	109	89	106	98	103

- The majority of the calls each year are related to Medical Assists, Motor Vehicle Collision or Extraction and Alarm System Equipment.
- On average, there have been 103 call event annually from 2015-2019.

Fire Department – 2015-2020 Budget

Fire Operating	Budget						% of total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Revenue									
Misc Revenues	\$ 5,000	\$ 5,000	\$ 5,000	\$ 7,000	\$ -	\$ 5,000	100%	\$ -	0.0%
Total Revenues	\$ 5,000	\$ 5,000	\$ 5,000	\$ 7,000	\$ -	\$ 5,000	100%	\$ -	0.0%
Expense									
Cleaning & Maintenance Supplies	\$ 600	\$ 600	\$ 600	\$ 600	\$ 1,000	\$ 1,000	0%	\$ 400	10.8%
Education & Training	\$ 12,000	\$ 14,000	\$ 23,319	\$ 34,000	\$ 34,000	\$ 34,000	3%	\$ 22,000	23.2%
Insurance	\$ 13,800	\$ 13,759	\$ 15,162	\$ 14,100	\$ 15,800	\$ 19,800	2%	\$ 6,000	7.5%
Internet Service	\$ 1,600	\$ 1,400	\$ 1,000	\$ 1,000	\$ 1,000	\$ 750	0%	\$ (850)	-14.1%
Meal Expenses	\$ 600	\$ 700	\$ 1,500	\$ 1,600	\$ 1,600	\$ 1,200	0%	\$ 600	14.9%
Memberships	\$ 2,000	\$ 2,100	\$ 2,126	\$ 2,200	\$ 3,000	\$ 3,000	0%	\$ 1,000	8.4%
Misc Expenses	\$ 52,300	\$ 55,600	\$ 62,318	\$ 64,100	\$ 78,600	\$ 77,600	7%	\$ 25,300	8.2%
Office Supplies	\$ 1,300	\$ 1,300	\$ 1,316	\$ 1,000	\$ 1,000	\$ 1,000	0%	\$ (300)	-5.1%
Program Expenses	\$ 5,700	\$ 6,300	\$ 6,000	\$ 6,000	\$ 9,000	\$ 8,500	1%	\$ 2,800	8.3%
Repairs & Maintenance	\$ 32,900	\$ 40,000	\$ 34,188	\$ 41,500	\$ 55,700	\$ 67,500	6%	\$ 34,600	15.5%
Salaries, Wages & Benefits	\$ 249,633	\$ 253,575	\$ 255,619	\$ 267,200	\$ 271,780	\$ 349,126	31%	\$ 99,493	6.9%
Telephone	\$ 2,860	\$ 2,900	\$ 2,936	\$ 3,100	\$ 3,600	\$ 2,650	0%	\$ (210)	-1.5%
Transfer To (From) Res & Res Funds	\$ 168,450	\$ 175,742	\$ 228,664	\$ 235,600	\$ 350,000	\$ 500,000	44%	\$ 331,550	24.3%
Transfers to Other Boards	\$ 35,368	\$ 17,808	\$ 8,663	\$ 8,815	\$ 3,969	\$ 59,148	5%	\$ 23,780	10.8%
Travel Expenses	\$ 3,400	\$ 3,900	\$ 3,949	\$ 3,000	\$ 3,000	\$ 1,500	0%	\$ (1,900)	-15.1%
Utilities	\$ 7,600	\$ 7,600	\$ 7,663	\$ 8,200	\$ 8,700	\$ 8,500	1%	\$ 900	2.3%
Vehicle Fuel	\$ 3,600	\$ 5,000	\$ 5,000	\$ 5,000	\$ 6,500	\$ 6,500	1%	\$ 2,900	12.5%
Water & Sewer Expenses	\$ 1,100	\$ 1,300	\$ 1,316	\$ 2,000	\$ 2,000	\$ 2,500	0%	\$ 1,400	17.8%
Total Expenses	\$ 594,811	\$ 603,583	\$ 661,339	\$ 699,015	\$ 850,249	\$ 1,144,274	100%	\$ 549,463	14.0%
Net Operating Levy	\$ 589,811	\$ 598,583	\$ 656,339	\$ 692,015	\$ 850,249	\$ 1,139,274		\$ 549,463	14.1%

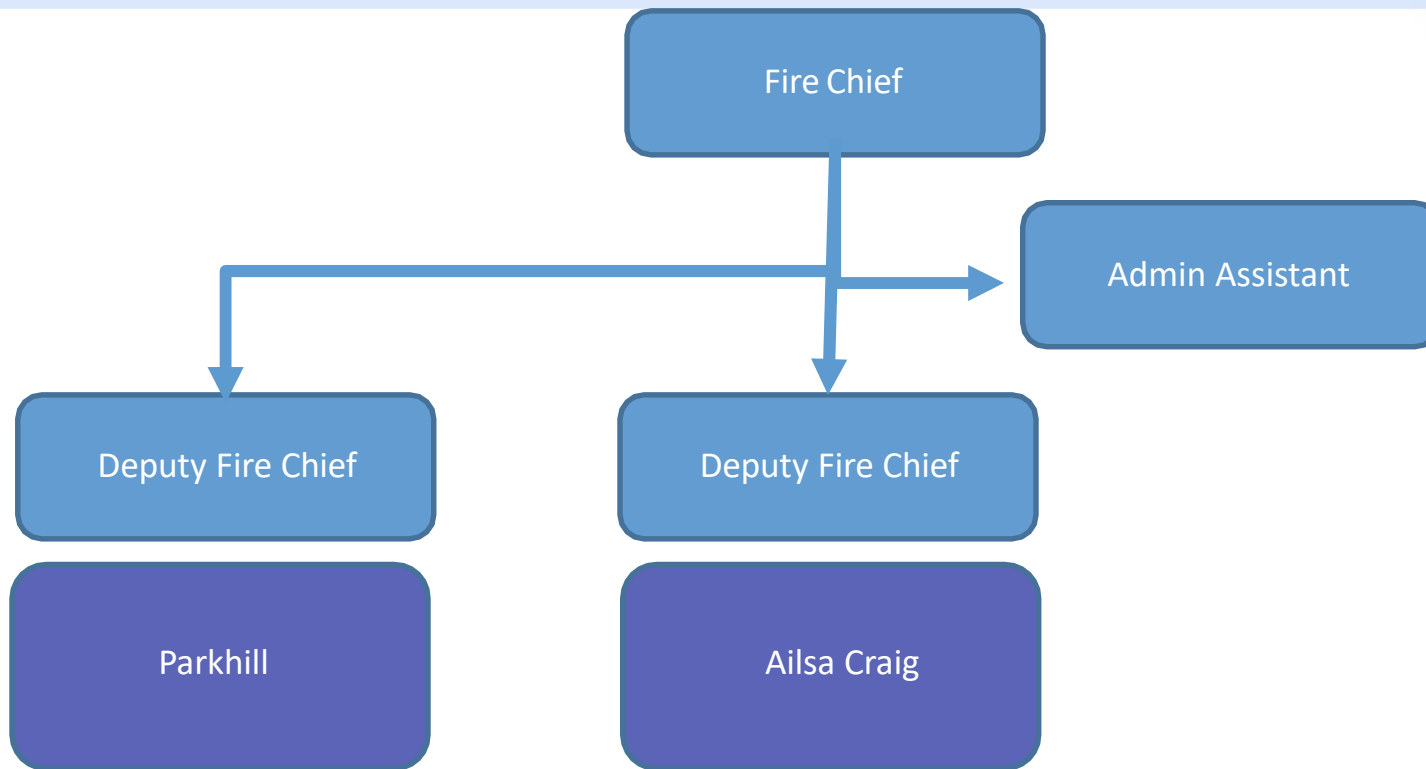
Fire Department - Observations

- On average, from 2015-2020, the annual levy increased 14%.
- Key drivers:
 - Contributions to Reserves has increased from \$168,450 in 2015 to \$500,000 in 2020 to support equipment replacement and facilities. This helps to reduce the need to issue debt for replacement of existing assets.
 - Repairs and maintenance costs have increased, annually by 15.5% due the aging facilities and equipment.
 - Salaries, Wages and Benefits have increased, annually by 6.9% and comprises 31% of the 2020 budget.

Notes:

- Transfer to Other Boards increased in 2020 by \$50,000 through the provision of Fire inspection services by Middlesex Centre commencing in 2020, through a shared service agreement. Note that this was previously provided by the County and was not reflected in the 2015-2019 budget for Fire as it was part of the County levy allocated to North Middlesex.
- Note that dispatch services which are provided by the County are also not included in the budget as they are included in the County levy allocated to North Middlesex.

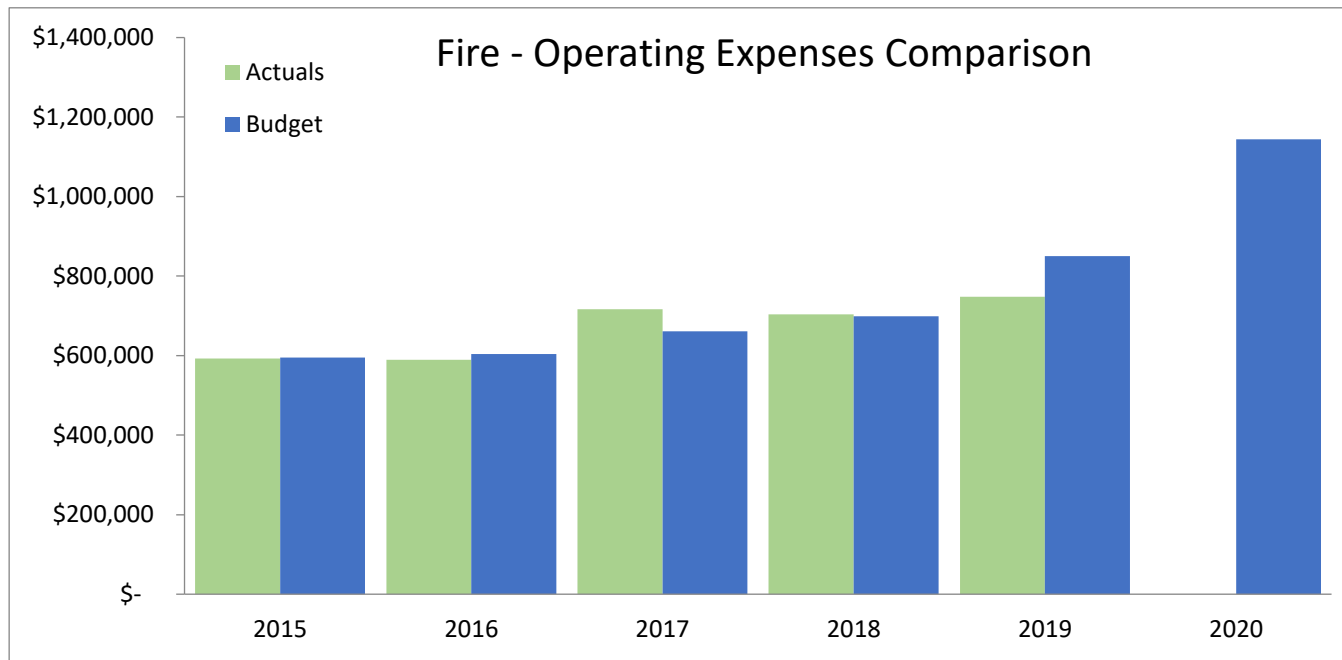
Fire – Organization Structure



North Middlesex is a volunteer fire department operating with a staff of:

- 50 volunteer firefighters
- four full-time staff

Fire - Operating Expenses



- Fire has maintained expenditures at or below the budget in four of the last five years.
- Increase in 2020 cost is related to the inclusion of the budget for Fire inspection services and \$150,000 increase in contributions to reserves.



***Benchmarking
Fire Services***

Municipal Comparative Data - Fire

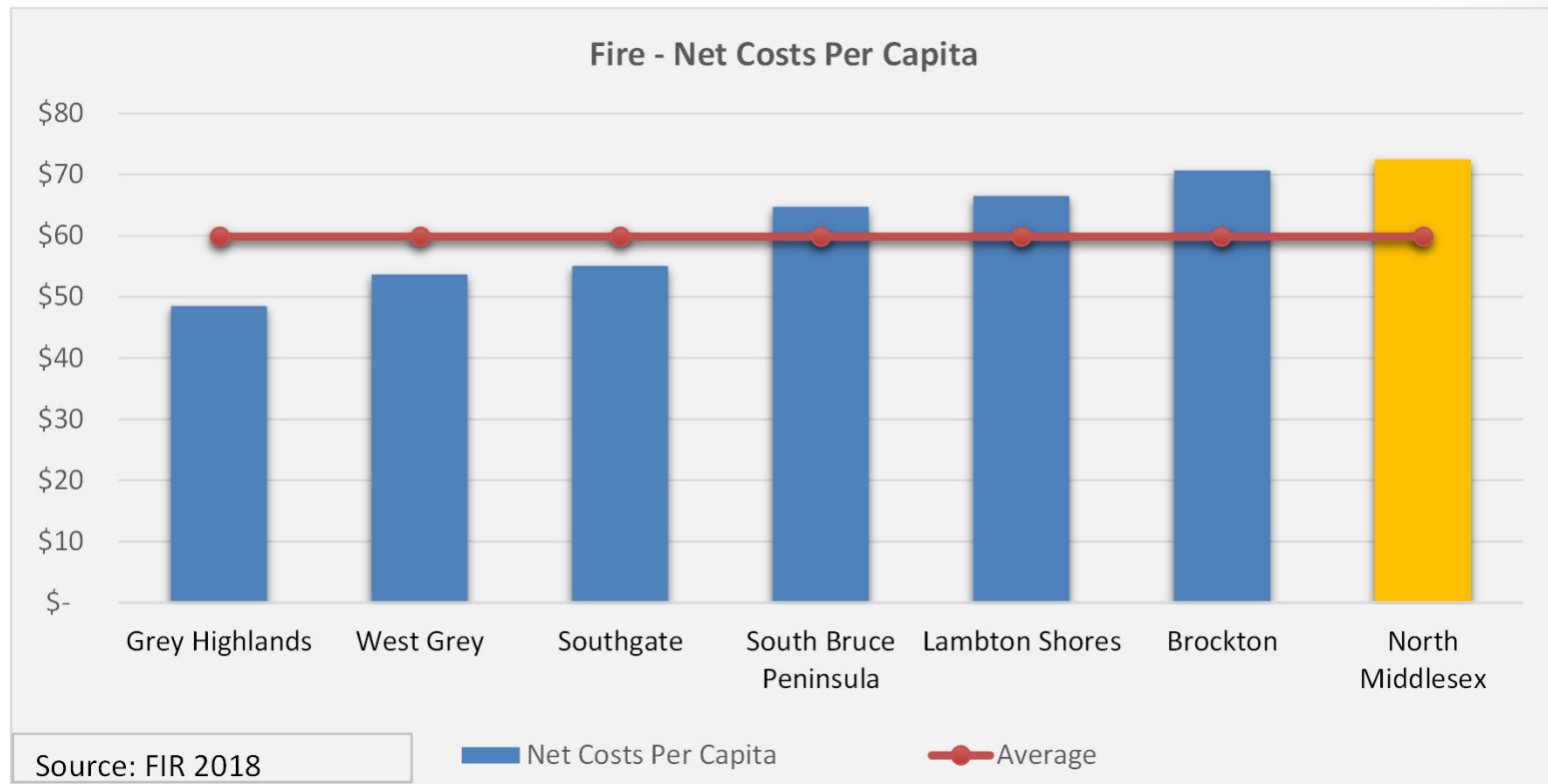
- Each municipality's results are influenced to varying degrees by a number of factors, including:
 - The nature and extent of fire risks: The type of building construction, i.e. apartment dwellings vs. single family homes vs. institutions such as hospitals.
 - Geography: Topography, urban/rural mix, road congestion and fire station locations and travel distances from those stations.
 - Fire prevention and education efforts: Enforcement of the fire code, and the presence of working smoke alarms.
 - Collective agreements: Differences in what stage of multi-year agreements municipalities are at and also differences in agreements about how many staff are required on a fire vehicle.
 - Staffing model: Full-time firefighters, composite, volunteers (full-time and part-time).

Fire - Peer Comparators

Municipality	2016									
	Stats Canada	Land Area	Land Density	Type of Fire Service	# of Stations	Fire Chief	Deputy Chief	Fire Prevention	Admin Assistant	Volunteer FF
Brockton	9,461	565	17	Volunteer	2	1	2	1		53
Grey Highlands	9,804	883	12	Volunteer	2	1	2	1		46
Lambton Shores	10,631	331	33	Volunteer	5	1	5 deputy volunteers		0.5	110
South Bruce Peninsula	8,416	532	16	Volunteer						
Southgate	7,354	644	12	Volunteer	1	1	1	1		30
West Grey	12,518	876	14	Volunteer						
North Middlesex	6,352	598	11	Volunteer	2	1	2		1	50

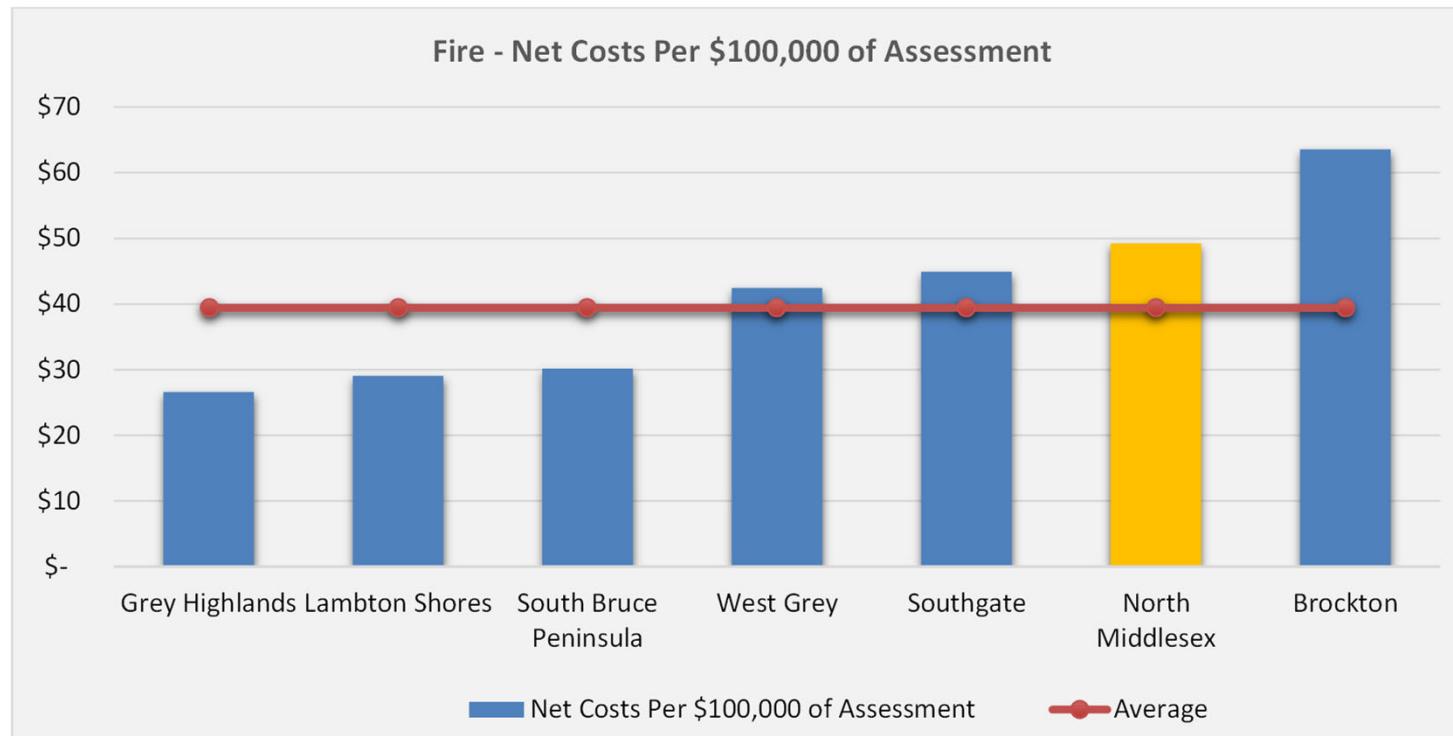
- The table above provides an understanding of the Fire services in each peer municipality

Fire Comparison of Cost of Service – 2018 FIR



- On a per capita basis, the cost in North Middlesex is the highest in the peer survey but close to Brockton which is most similar in services, land density and staffing levels.

Fire Comparison of Cost of Service – 2018 FIR



- On a per \$100,000 of assessment basis North Middlesex is above the survey average.

Police



Police Services

Under the Ontario Police Services Act, municipalities are responsible for the provision of adequate and effective Police services to ensure the safety and security of citizens, businesses and visitors. To fulfill this mandate, each municipality and police agency creates and implements strategies, policies and business models that meet the specific needs and priorities of their local communities.

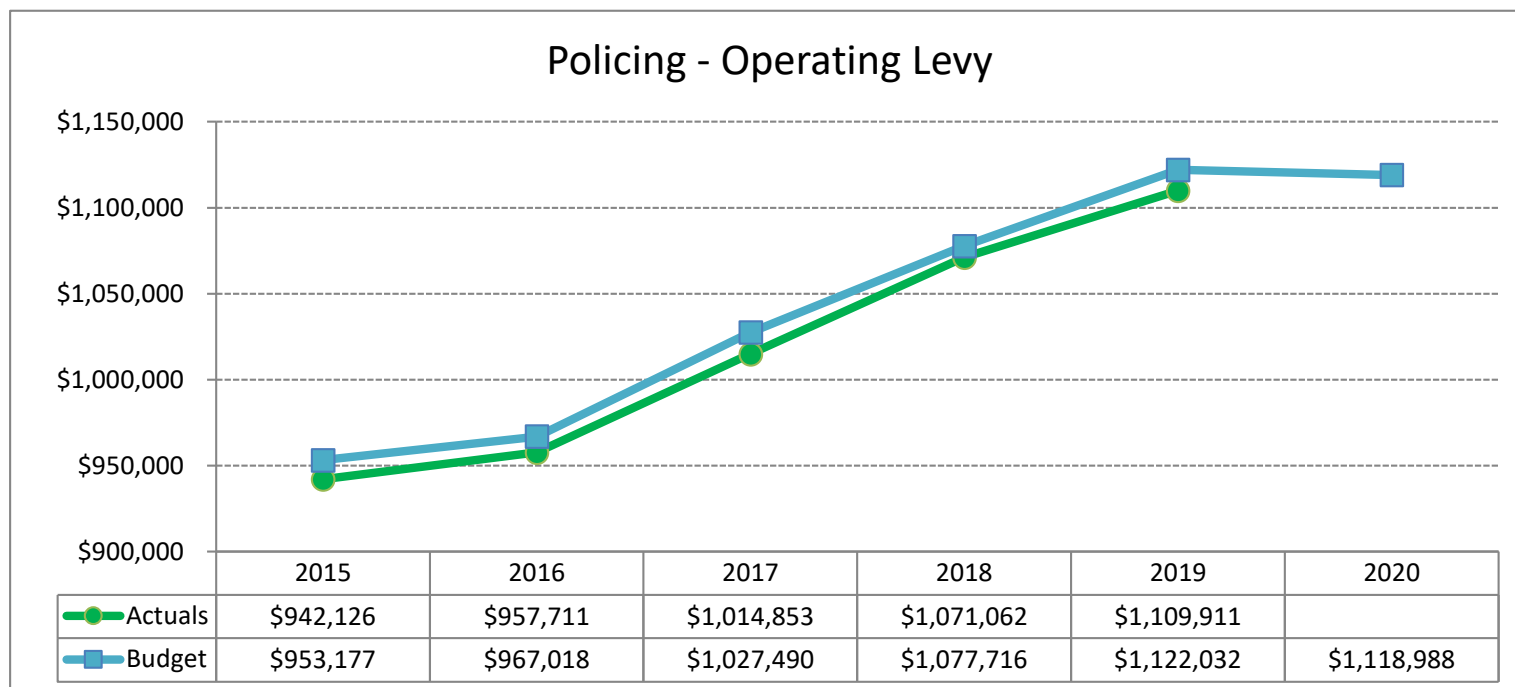
The key objectives provided by Police Services include:

- Crime prevention;
- Law enforcement;
- Victims' assistance;
- Maintenance of public order; and
- Emergency response services.



Police Services

- The Municipality contracts services with the OPP, which is a common practice for small rural municipalities.
- As shown in the graph, the actual expenditures have been below the budget in every year
- In 2020, there was no increase in Police budget
- In accordance with leading practices, the Municipality has a reserve with a balance of \$200,000 which is available in the event that the expenditures exceed the budget



Municipal Comparative Data - Police

Each municipality's results are influenced to varying degrees by a number of factors, including:

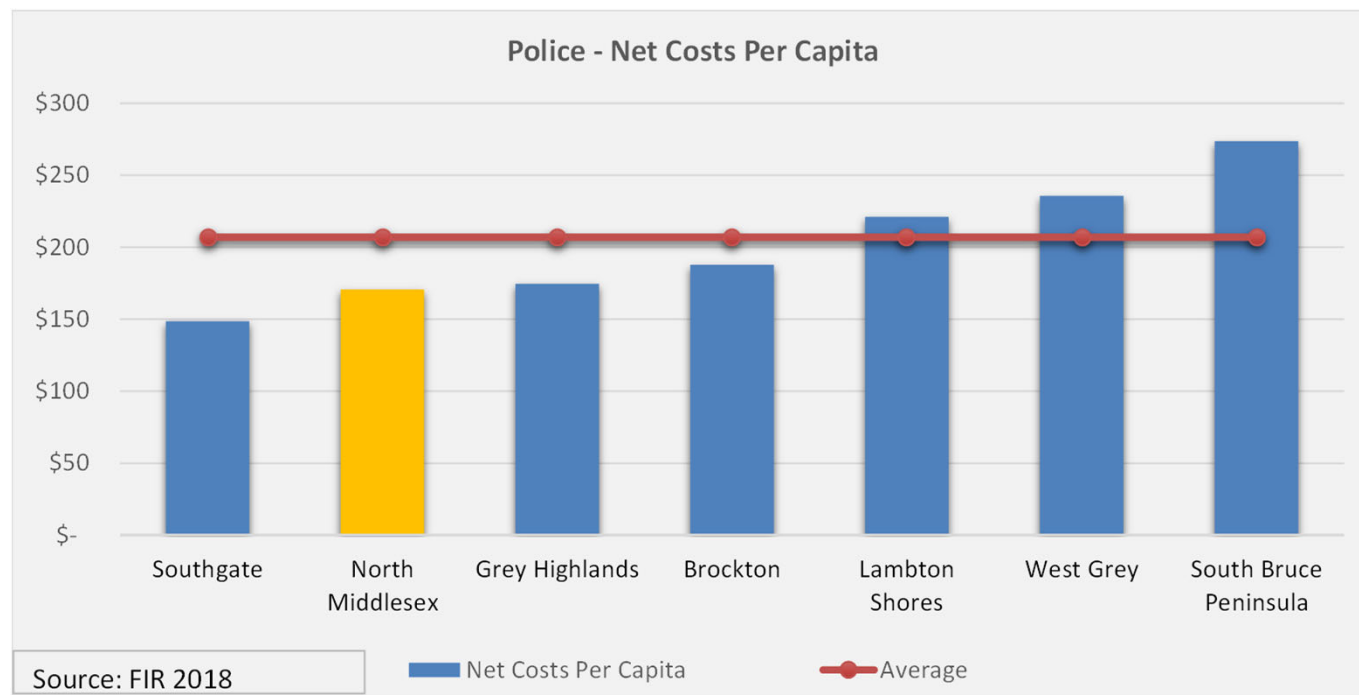
- Non-residents: Daily inflow and outflow of commuters and tourists, attendees at cultural, entertainment and sporting events, or seasonal residents (e.g. post-secondary students) who require police services and are not captured in population-based measures
- Specialized facilities: Airports, casinos, etc. that can require additional policing
- Demographic trends: Social and economic changes in the population

Police costs will vary significantly based on a number of factors including, but not limited to:

- Geographic mix (urban/rural mix);
- One-time special events;
- Proximity and quantity of higher risk facilities (e.g. correctional, mental health facilities);
- Service levels;
- Incident of more complex crimes;
- Specialized services (e.g. Emergency Task Force, Emergency Measures, Marine Unit, etc.); and
- Accounting and reporting practices.

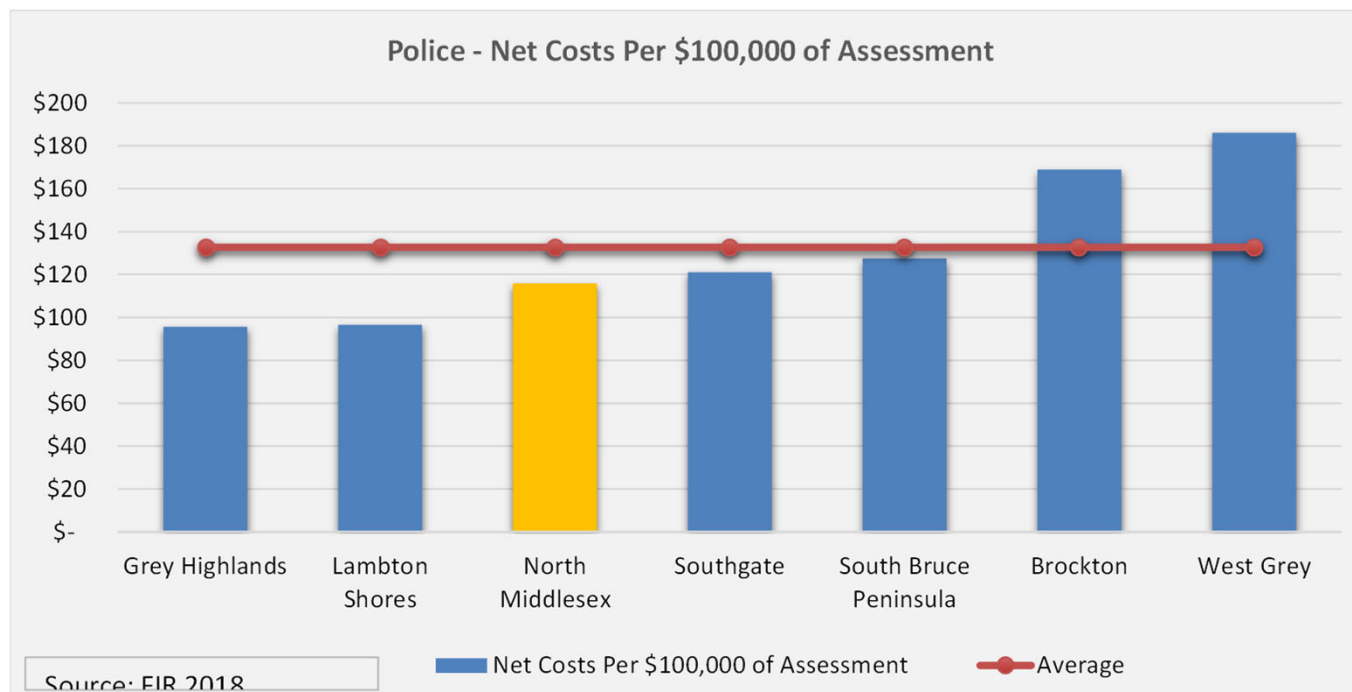
Police Comparative Data

- The cost of service in North Middlesex Police services is lower than the peer average on a per capita and per \$100,000 of weighted assessment



Police Comparative Data

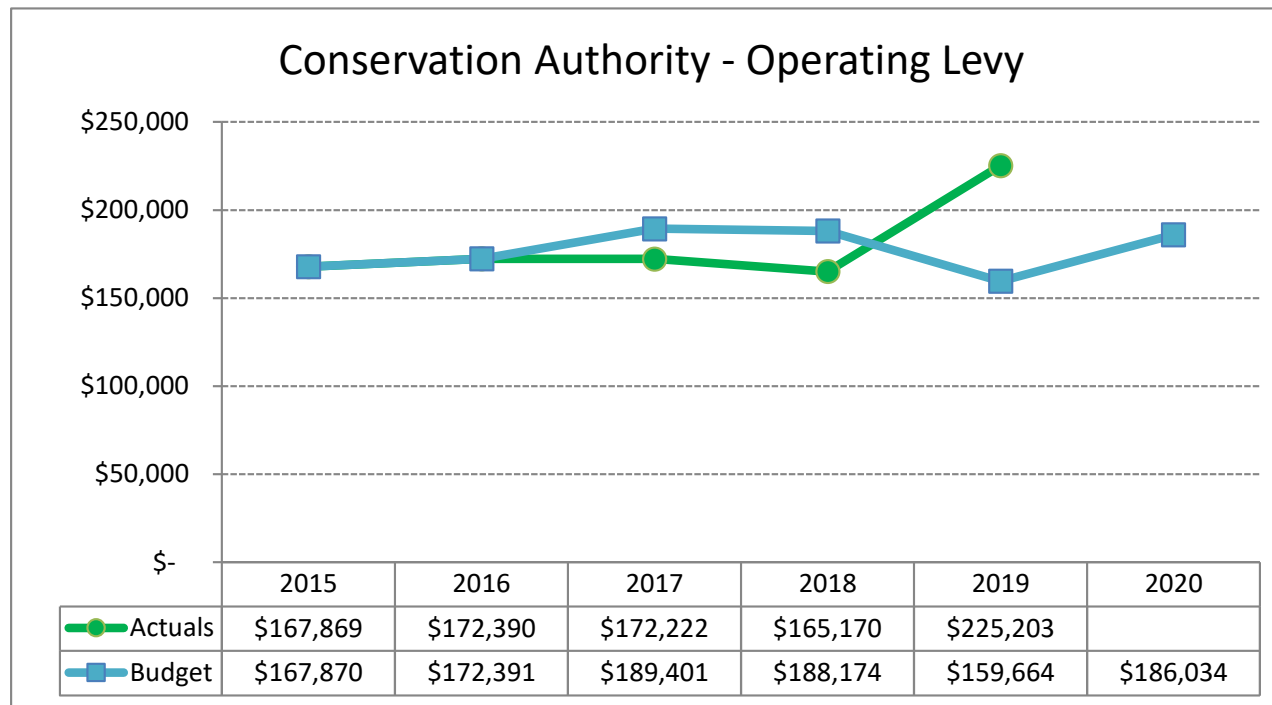
- The cost of service in North Middlesex Police services is lower than the peer average on a per capita and per \$100,000 of weighted assessment



*By-law Enforcement,
Conservation Authority,
Crossing Guards, Mosquito
Control*

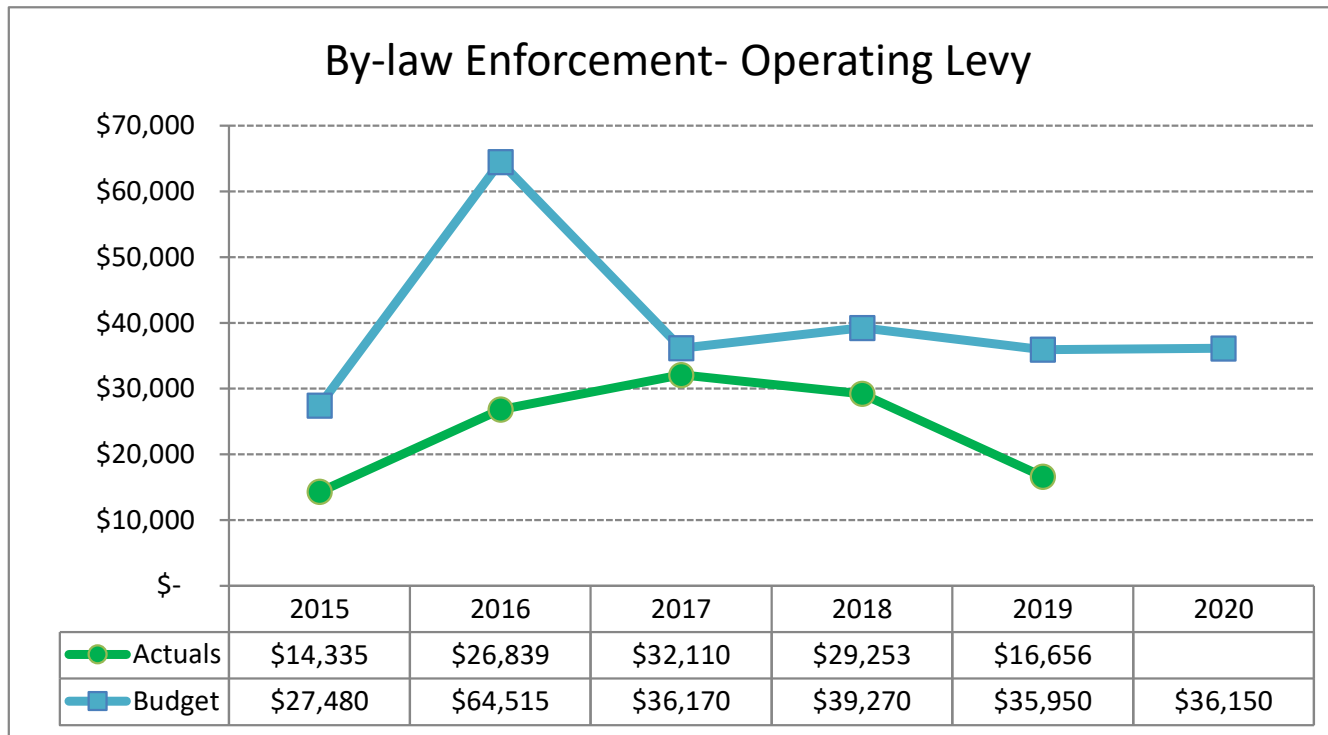


Conservation Authority



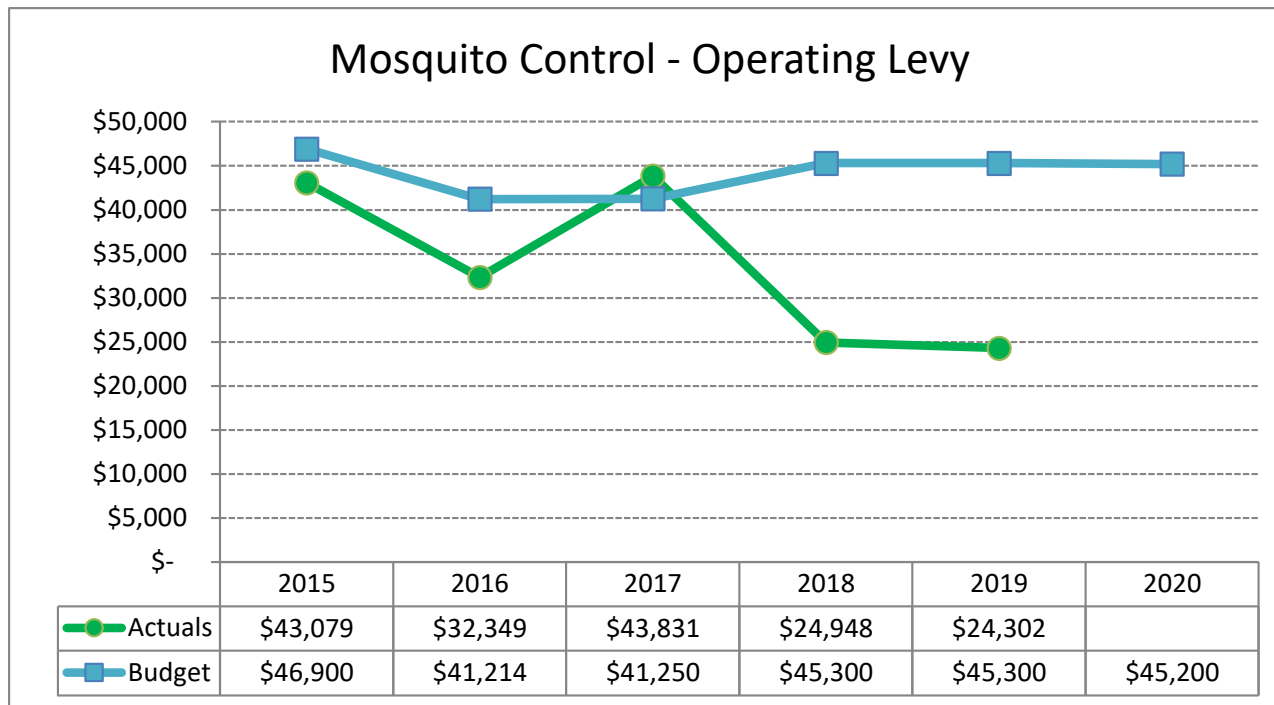
- The Conservation Authority costs have increased annually, on average by 2.1% from 2015-2020

By-law Enforcement



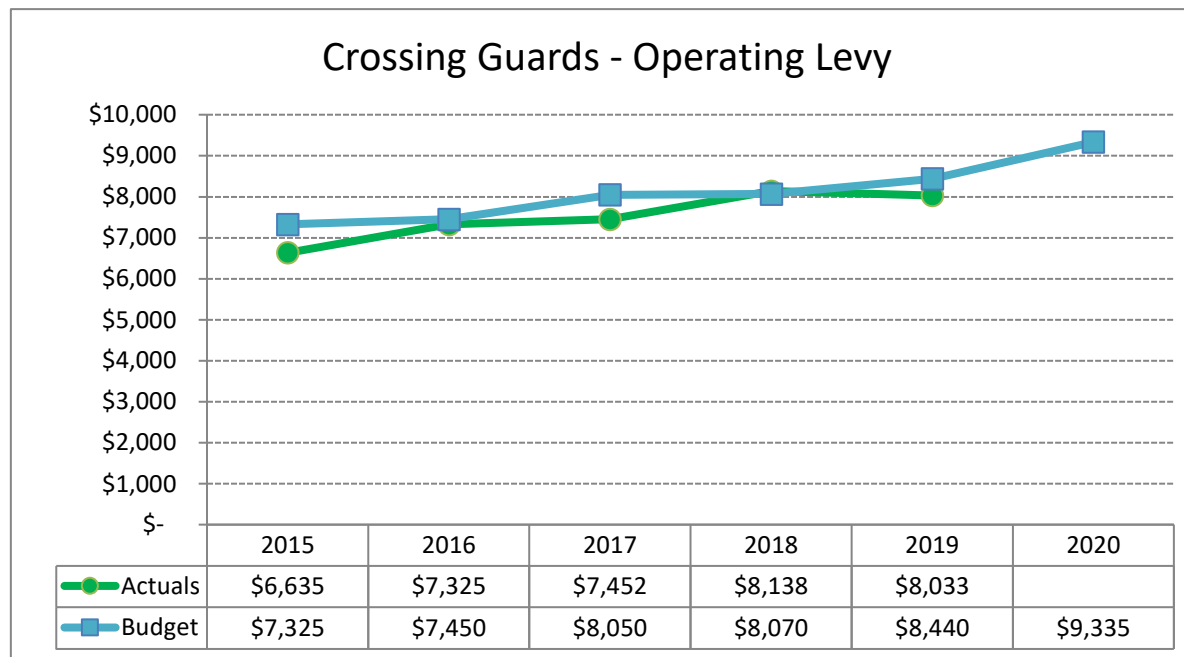
- By-law enforcement is an area where changes have been made in the service provision over the past six years and is an area where the budget has been underspent, primarily due to vacancies
- In 2020, the budget has been adjusted to reflect the provision of contracted services through the MEU Consulting, which, it is anticipated will provide more consistency in the provision of service

Mosquito Control



- Mosquito Control is a contracted services, that with the exception of one year, has been below the budget.
- A rationalization of this budget is recommended, given historical spending patterns
 - There is a potential to reduce the levy by \$10,000-15,000, based on previous cost of service trends .

Crossing Guards



- Crossing Guard expenses have increased, on average by 5.0% annually.
- Costs are primarily salaries and wages and the budget and actuals are closely aligned from 2015-2019.

Works

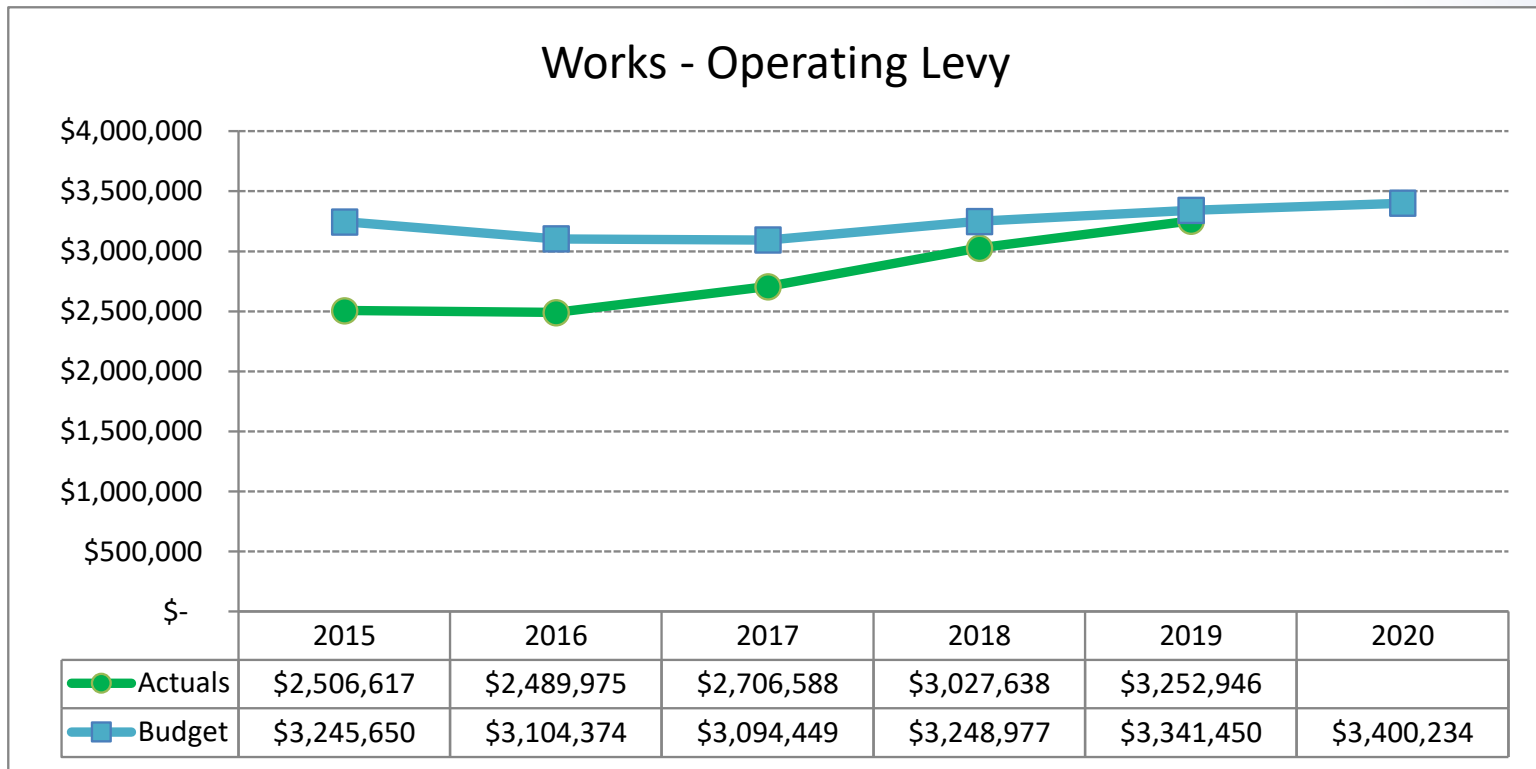


Works Department – Summary by Business Unit

WORKS DEPARTMENT	Budget						% of Total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Works Administration	881,515	914,511	935,431	895,670	999,355	983,130	28.9%	101,615	2.2%
Maintenance	1,733,460	1,567,104	1,542,374	1,715,707	1,749,970	1,711,519	50.3%	(21,941)	-0.3%
Equipment Maintenance	408,650	388,645	373,647	374,130	343,430	374,470	11.0%	(34,180)	-1.7%
Snow Plow, Sanding & Salting	177,025	188,214	197,097	216,570	210,295	292,215	8.6%	115,190	10.5%
Streetlighting	45,000	45,900	45,900	46,900	38,400	38,900	1.1%	(6,100)	-2.9%
								-	
Total - Works - General LEVY	3,245,650	3,104,374	3,094,449	3,248,977	3,341,450	3,400,234	100.0%	154,584	0.9%

- Works includes Public Works, Roads, Winter Maintenance, Streetlighting, Grass and Tree Maintenance (Roadside).
- Maintenance of roads, bridges and culverts represents 50% of the total works expenditures.
- Public Works has increased only 0.9% on average annually from 2015-2020.
- Snow plowing, sanding and salting represents the largest dollar and percentage increase from 2015-2020, with an average annual increase of 10.5%

Works Operating Levy – Budget to Actuals



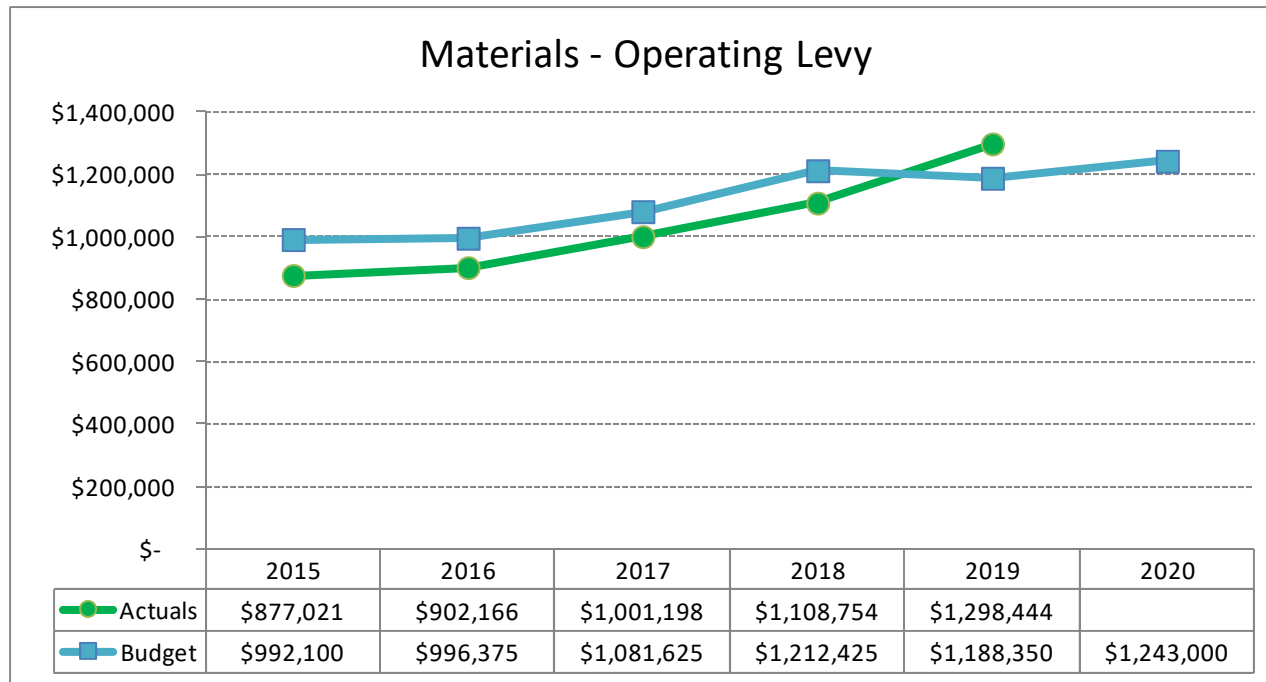
- As shown above, the actual expenditures have been lower than the budget, however, the expenditures in 2018-2019 are closer to the budget, reflecting further revisions to the budget to take into consideration actual spending and trend analysis.

Works – Summary by Operating Object

Works Operating	Budget						% of Total 2020	% change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Salaries, Wages & Benefits	\$ 807,150	\$ 870,752	\$ 896,043	\$ 913,902	\$ 902,015	\$ 841,114	23%	4%	0.8%
Contracted Services	\$ 267,550	\$ 241,550	\$ 203,770	\$ 166,500	\$ 178,250	\$ 163,150	5%	-39%	-9.4%
Insurance	\$ 124,000	\$ 136,147	\$ 134,471	\$ 137,000	\$ 134,471	\$ 150,875	4%	22%	4.0%
Materials	\$ 992,100	\$ 996,375	\$ 1,081,625	\$ 1,212,425	\$ 1,188,350	\$ 1,243,000	35%	25%	4.6%
Repairs & Maintenance	\$ 368,750	\$ 313,880	\$ 292,000	\$ 293,000	\$ 292,500	\$ 223,950	6%	-39%	-9.5%
Transfer to (from) Deferred Revenue	\$ 192,785	\$ 202,785	\$ -	\$ 212,064	\$ 404,760	\$ 192,696	5%	0%	0.0%
Transfer To (From) Res & Res Funds	\$ 287,030	\$ 121,500	\$ 299,215	\$ 123,700	\$ 227,500	\$ 442,795	12%	54%	9.1%
Vehicle Fuel	\$ 159,000	\$ 152,800	\$ 143,850	\$ 143,800	\$ 144,300	\$ 134,300	4%	-16%	-3.3%
Debt Charges	\$ 52,120	\$ 52,120	\$ 52,120	\$ 52,120	\$ 53,684	\$ -	0%	-100%	-100.0%
Misc Expenses	\$ 202,800	\$ 234,250	\$ 209,280	\$ 221,030	\$ 225,380	\$ 205,050	6%	1%	0.2%
Total Operating Expenses	\$ 3,453,285	\$ 3,322,159	\$ 3,312,374	\$ 3,475,541	\$ 3,751,210	\$ 3,596,930	100%	4%	0.8%
Total Operating Revenues	\$ 207,635	\$ 217,785	\$ 217,924	\$ 226,564	\$ 409,760	\$ 196,696		-5%	-1.1%
Total Net Operating Levy	\$ 3,245,650	\$ 3,104,374	\$ 3,094,449	\$ 3,248,977	\$ 3,341,450	\$ 3,400,234		5%	0.9%

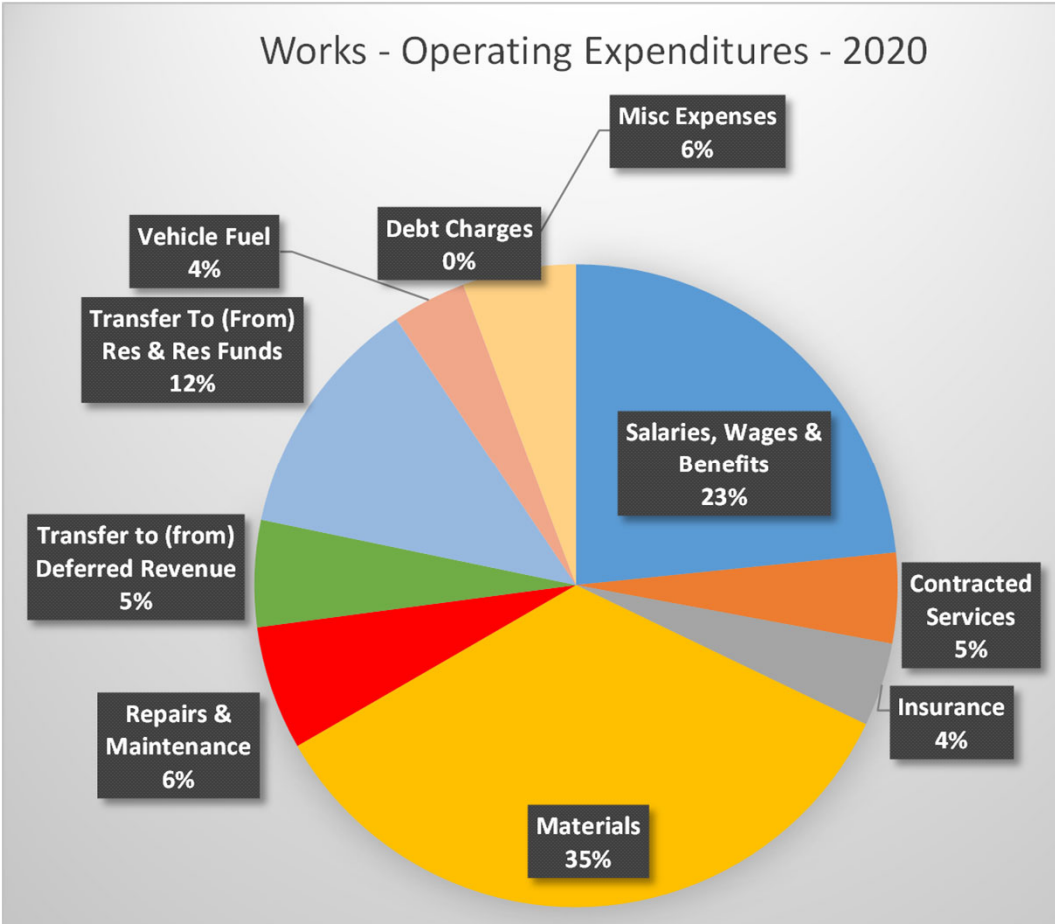
- Materials comprises the largest item of expenditure (35%) in the Works Budget which is primarily related to gravel (\$1.095 million in 2020). Other material expenses include culvert maintenance (\$40,000), hardtop maintenance, sanding/salting (\$50,000) and patching (\$22,500)
- Transfer to reserves has increased, on average by 9.1% annually. Transfer to reserves increased from \$287,000 in 2015 to \$443,795 in 2020 to support the replacement/rehabilitation of roads infrastructure.
- Salaries, wages and benefits have increased, on average by 0.8% annually.

Materials



- As shown above, the actual expenditures have been lower than the budget, however, the expenditures in 2019 are higher than the budget, reflecting further revisions to the budget to take into consideration actual spending and trend analysis

Works – Operating Expenditure Breakdown



- The pie chart provides a graphical summary of the 2020 operating expenditures by major item of expenditure

Works - Observations

- North Middlesex is the largest geographical area in the County of Middlesex
 - This includes patrol, maintenance and repair of 726 km of unpaved and 204 km of paved roads including winter maintenance.
- Staffing fluctuates between winter and summer, with the use of seasonal workers in the winter:
 - Typically winter operations includes 13 operators and 8 permanent staff for the remainder of the year.
- Road gravel work is the largest activity in terms of expenditures representing 33% of the total Works levy.
- LED lighting has been implemented to reduce street lighting costs which is a leading practice.
- The Municipality has incorporated windrow eliminator technology to improve safety.

Works - Observations

- Contracted services are used for some services including:
 - Maintenance of some of the former landfills;
 - Large tree trimming and removal services;
 - Equipment rentals; and
 - Line painting.
- Works regularly identifies opportunities for joint purchasing with neighbouring municipalities and the County, including but not limited to:
 - Asphalt;
 - Gravel; and
 - Salt (determined to be less expensive independently).
- Currently, the Municipality is working to develop performance measures for each of the key services which will define the service levels and manage expectations.
- The Municipality has identified the need for a Roads Needs Assessment which is a leading practice and is required to establish appropriate service standards, performance measures and determine road conditions.

Works - Observations

Challenges/Risks

- The Municipality has an aging infrastructure, which, as shown in the Financial Condition Assessment will require significant capital funds for bridges, roads and culverts.
 - Bridges and culvert replacements continues to be a significant challenge with 40 bridges and 35-40 culverts that meet the Ministry definition for minimum maintenance standards.
- Gravel roads is currently focused on maintenance versus lengthening the lifecycle of the roads due to budgetary restrictions. Opportunities for savings exists if the Municipality can transition to proactive lifecycle maintenance.



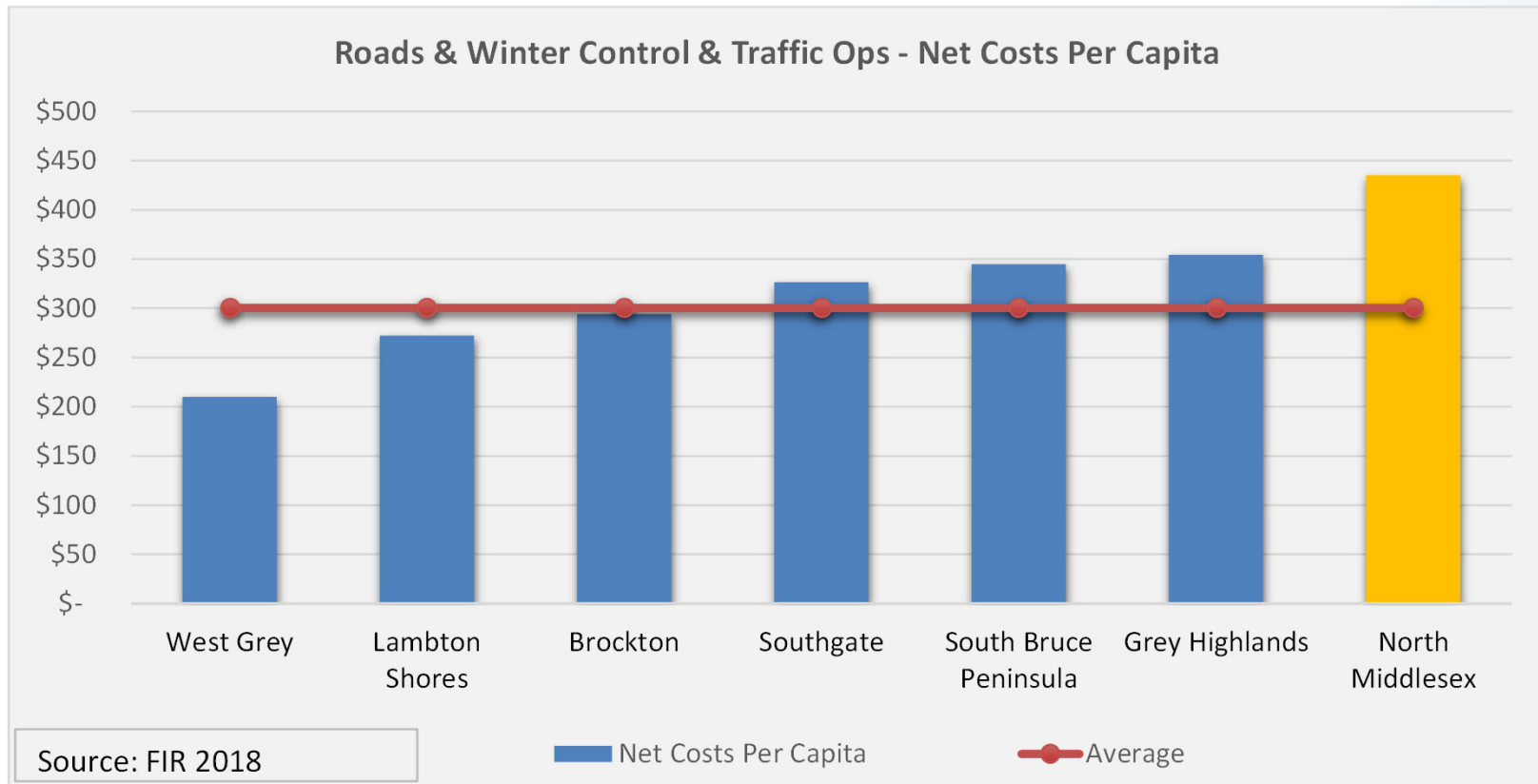
***Benchmarking
Works***

Works Peer Municipal Comparators

Each municipality's results are influenced to varying degrees by a number of factors, including:

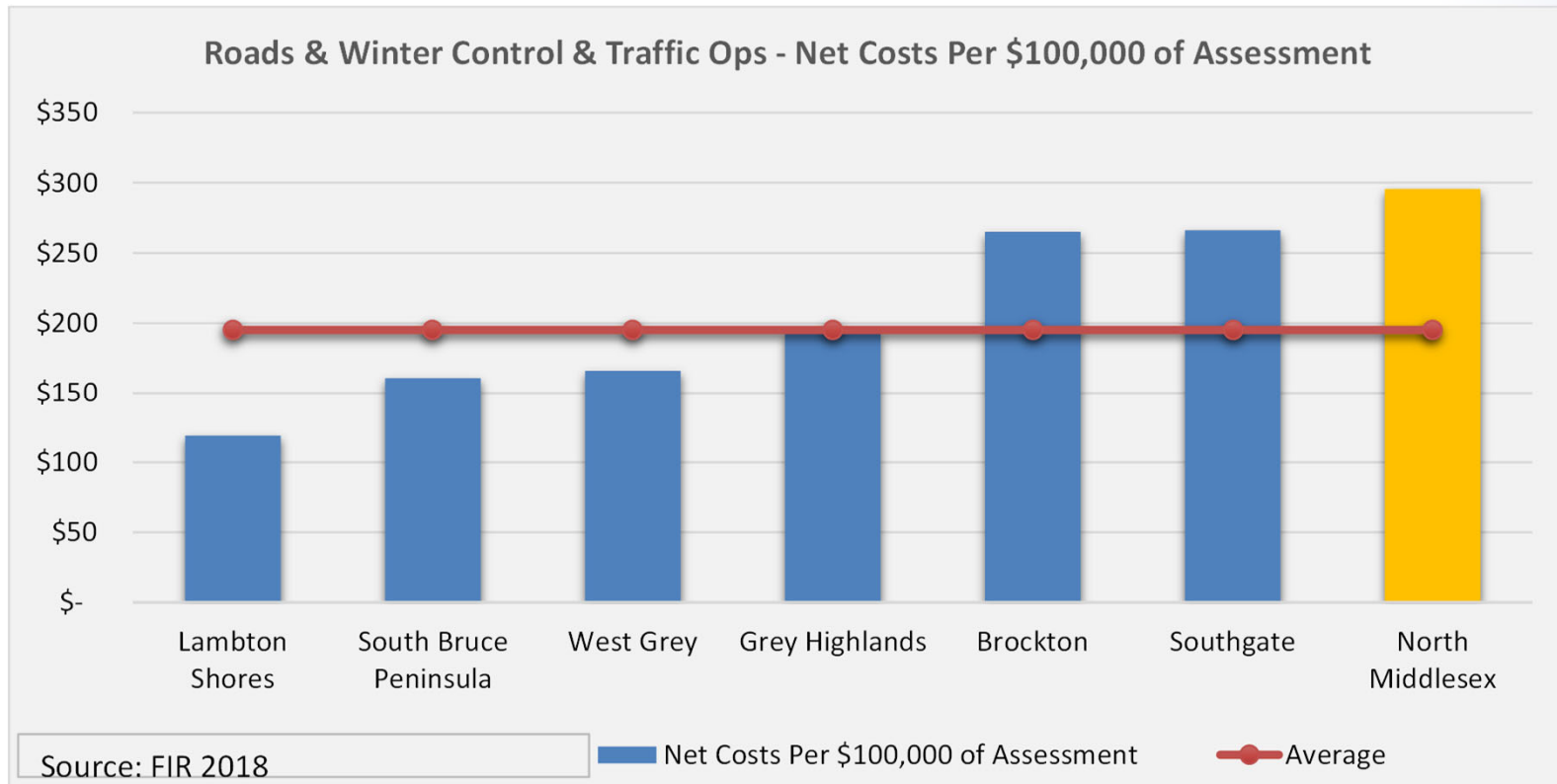
- Municipal snow clearing standards, weather conditions, road types and snowfall;
- Age and condition of the network;
- The proportion of heavy trucks in the traffic stream;
- The municipality's pavement standards;
- Population density which affects usage and congestion, contributing to road maintenance and its cost;
- Type of roads a municipality operates: i.e. arterial, collector or local roads and expressways;
- Average commute distances (e.g. from home to work or school); and
- Volume of traffic coming from outside the municipality.

Roads & Winter Control – Net Costs Per Capita



- Roads & Winter Control costs in North Middlesex is above the peer survey on a per capita basis.
- One of the driving factors for higher than average cost of service is a significantly higher number of kilometres of roads to maintain relative to the assessment base.

Roads & Winter Control – Net Costs Per \$100,000 of Assessment



- Roads & Winter Control costs in North Middlesex are also high on a per \$100,000 of assessment basis, due to higher lane kilometres.

Waste Recycling

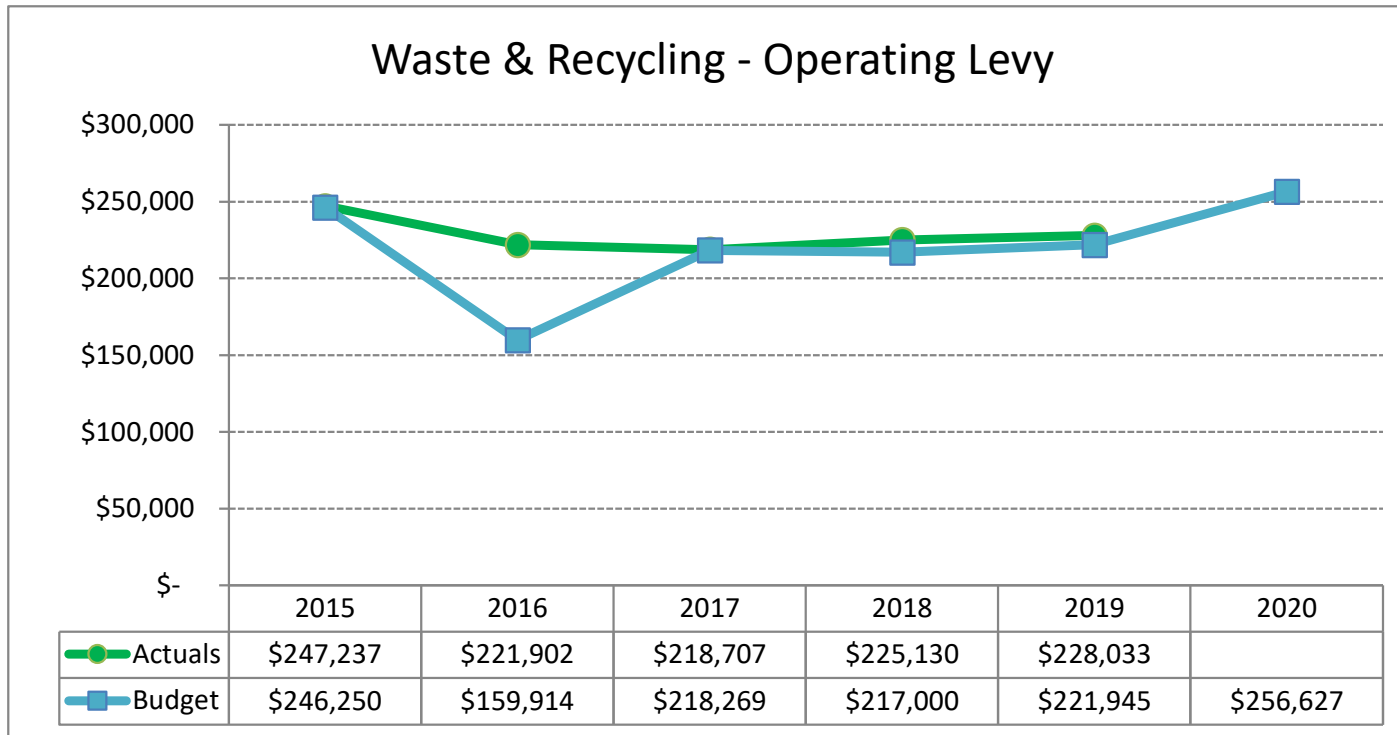


Waste and Recycling – Summary by Operating Object

Waste & Recycling Operating	Budget						% of Total 2020	% change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Salaries, Wages & Benefits	\$ 8,550	\$ 9,106	\$ 7,638	\$ 7,620	\$ 7,595	\$ 6,870	1%	-20%	-4.3%
Contracted Services	\$ 443,500	\$ 364,428	\$ 440,599	\$ 450,000	\$ 455,000	\$ 488,917	95%	10%	2.0%
Misc Expenses	\$ (90,000)	\$ 12,750	\$ 9,550	\$ 11,550	\$ 11,550	\$ 20,040	4%	-122%	-174.1%
Total Operating Expenses	\$ 362,050	\$ 386,284	\$ 457,787	\$ 469,170	\$ 474,145	\$ 515,827	100%	42%	7.3%
Total Operating Revenues	\$ 115,800	\$ 226,370	\$ 239,518	\$ 252,170	\$ 252,200	\$ 259,200		124%	17.5%
Total Net Operating Levy	\$ 246,250	\$ 159,914	\$ 218,269	\$ 217,000	\$ 221,945	\$ 256,627		4%	0.8%

- On average there has been an annual increase in the net levy of 0.8%.
- Contracted services represents 95% of the total operating expenses and have increased annually by 2%.
- Revenues have increased significantly since 2015.

Waste and Recycling – Net Operating Levy



- As shown above, the actual expenditures are close to the budget over the last three years.



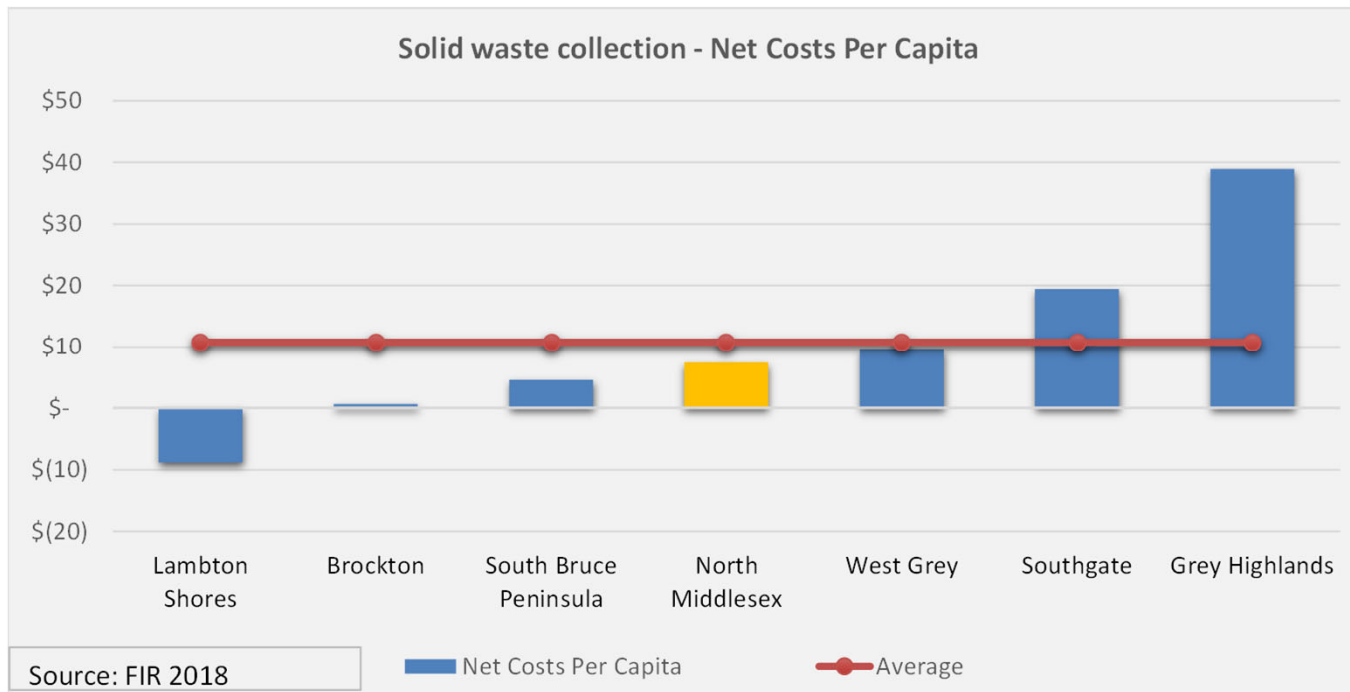
***Benchmarking
Waste and Recycling***

Waste Collection and Recycling Peer Municipal Comparators

Each municipality's waste collection and recycling results are influenced to varying degrees by a number of factors, including:

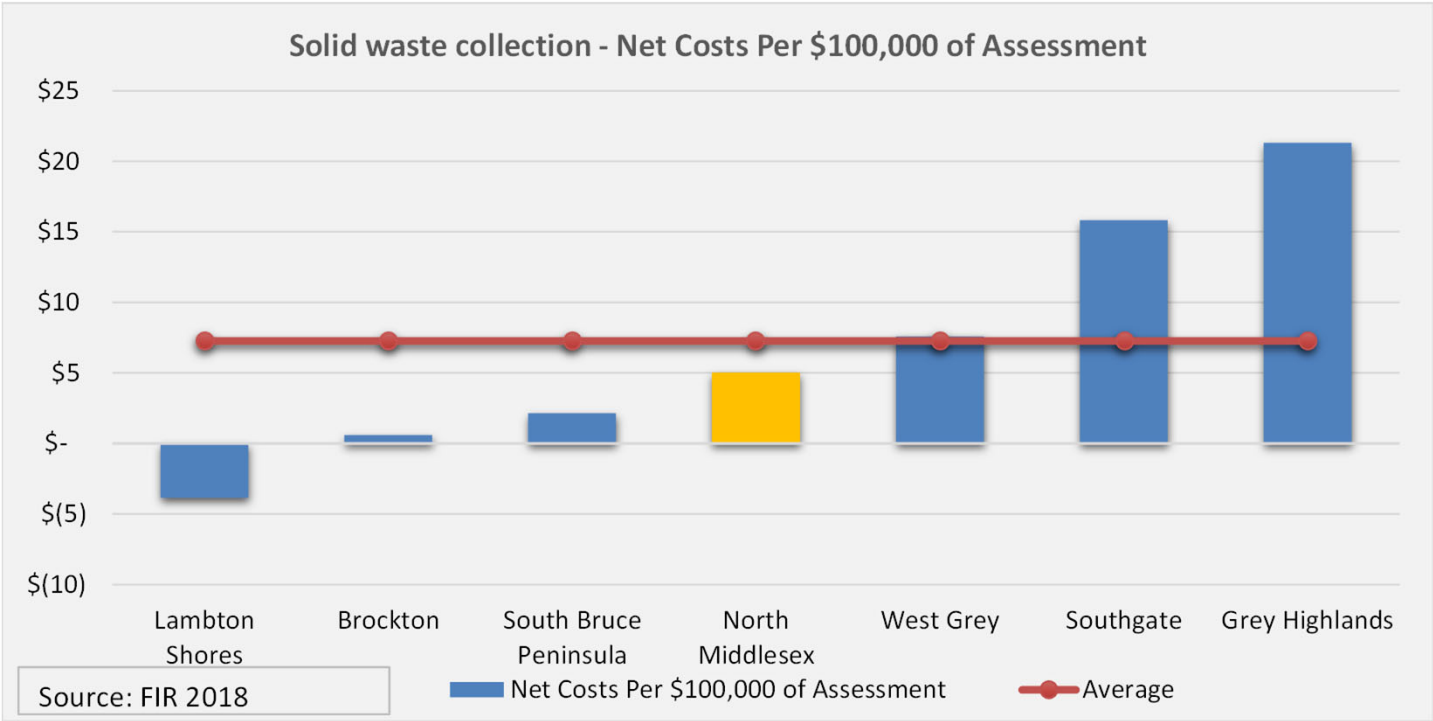
- Governance: Single-tier vs. upper-tier systems;
- Program design: Based on urban/rural mix of single-family homes, multi-unit residential buildings, commercial, industrial, seasonal homes and tourists, age of infrastructure, proximity to collection sites, processing sites and sellable markets;
- Service levels: Frequency of collection, bag limits, single stream waste collection vs. co-collection programs, hours of operations and the number and types of materials collected;
- Revenue Recovery: the extent to which services are recovered from use fees (e.g. bag tags); and
- Education: How municipalities promote, manage and enforce their garbage collection, disposal, recycling and diversion programs and services.

Waste Collection – Net Costs Per Capita



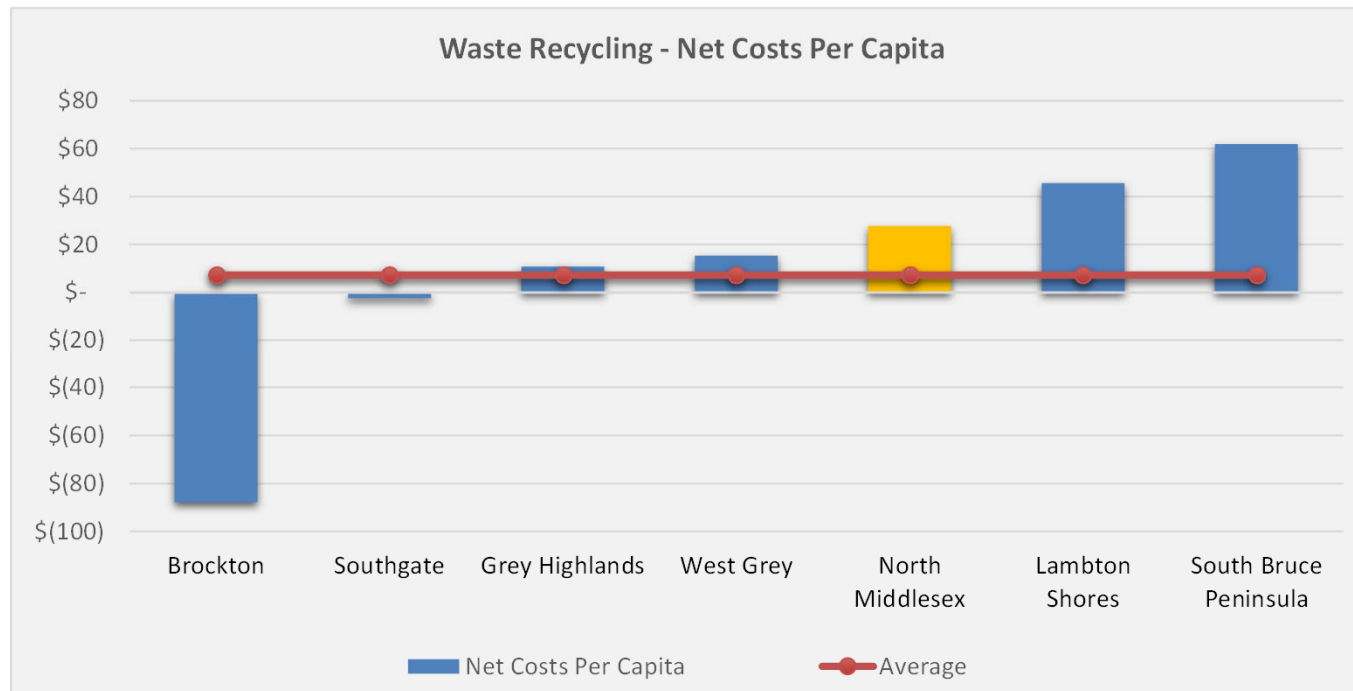
- Waste Collection costs per capita are below the average, primarily driven through a program to recover costs through user fees

Waste Collection – Net Costs Per \$100,000 of Assessment



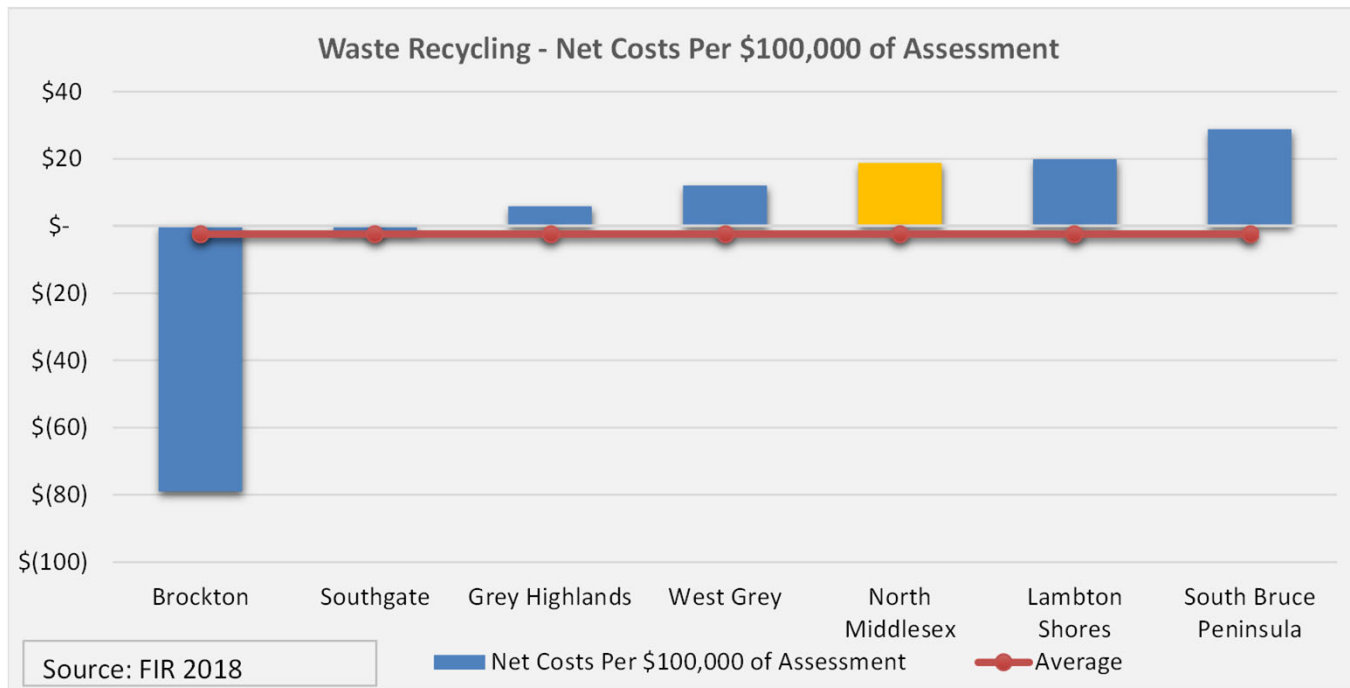
- Waste Collection costs per \$100,000 of assessment are also below the average

Waste Recycling – Net Costs Per Capita



- Waste Recycling costs per capita are above the average

Waste Recycling – Net Costs Per \$100,000 of Assessment



- Waste recycling costs per \$100,000 of assessment are also above the average

Cemeteries



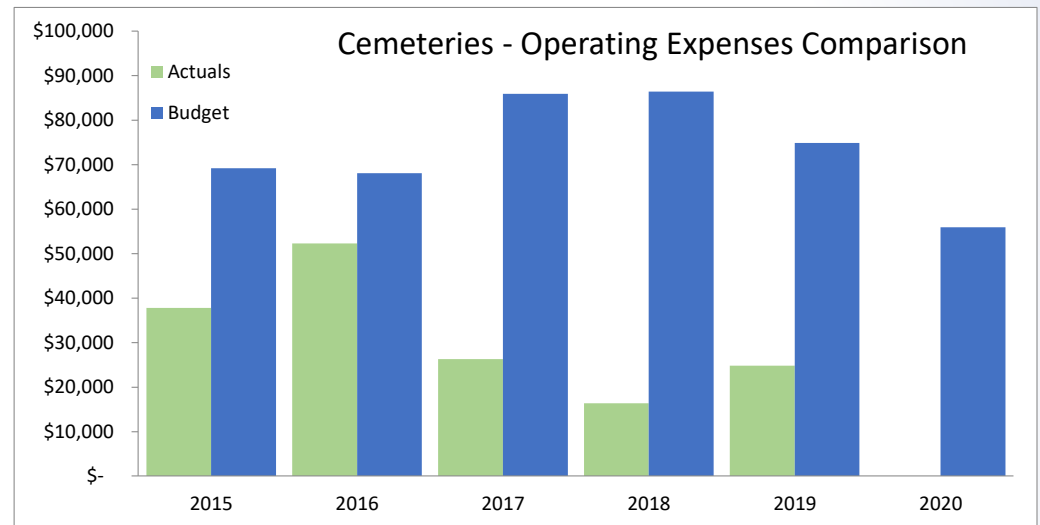
Cemeteries – Summary by Operating Object

Cemeteries Operating	Budget						% of Total 2020	% change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Salaries, Wages & Benefits	\$ 26,000	\$ 34,628	\$ 34,477	\$ 39,875	\$ 36,435	\$ 47,759	85%	84%	12.9%
Contracted Services	\$ 17,500	\$ 21,500	\$ 21,000	\$ 21,000	\$ 13,000	\$ 3,500	6%	-80%	-27.5%
Misc Expenses	\$ 25,700	\$ 11,940	\$ 30,433	\$ 25,522	\$ 25,422	\$ 4,636	8%	-82%	-29.0%
Total Operating Expenses	\$ 69,200	\$ 68,068	\$ 85,910	\$ 86,397	\$ 74,857	\$ 55,895	100%	-19%	-4.2%
Total Operating Revenues	\$ 38,525	\$ 38,950	\$ 38,950	\$ 37,900	\$ 34,950	\$ 30,050		-22%	-4.8%
Total Net Operating Levy	\$ 30,675	\$ 29,118	\$ 46,960	\$ 48,497	\$ 39,907	\$ 25,845		-16%	-3.4%

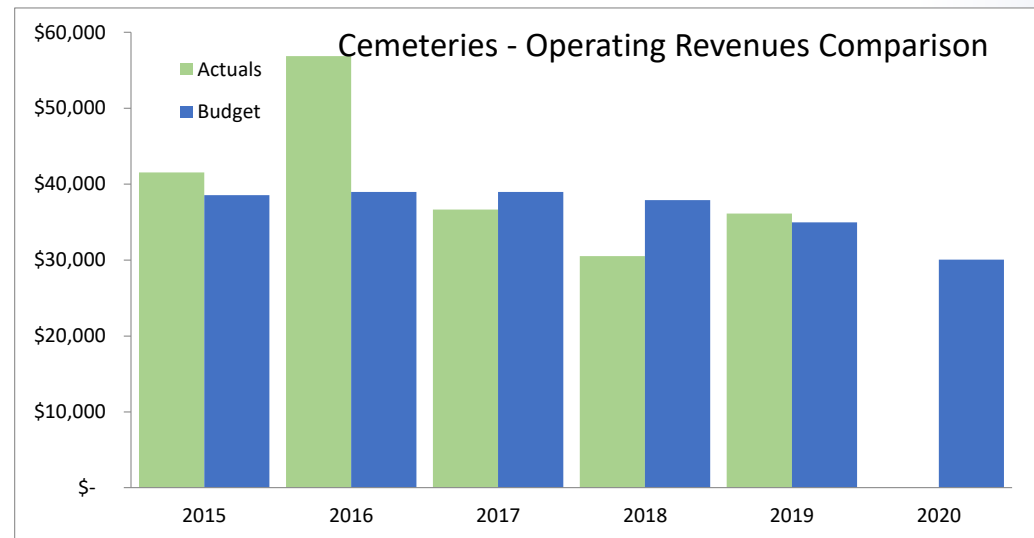
- On average, there has been an annual decrease in the net levy of 3.4% for cemetery services.
- Salaries, wages and benefits represents 85% of the total operating expenses and have increased annually by 12.9%.
- The Municipality contracts out the grass cutting and maintenance of remote inactive cemeteries and this expense has declined from \$17,500 in 2015 to \$3,500 in 2020.

Cemeteries – Operating Revenues and Expenditures

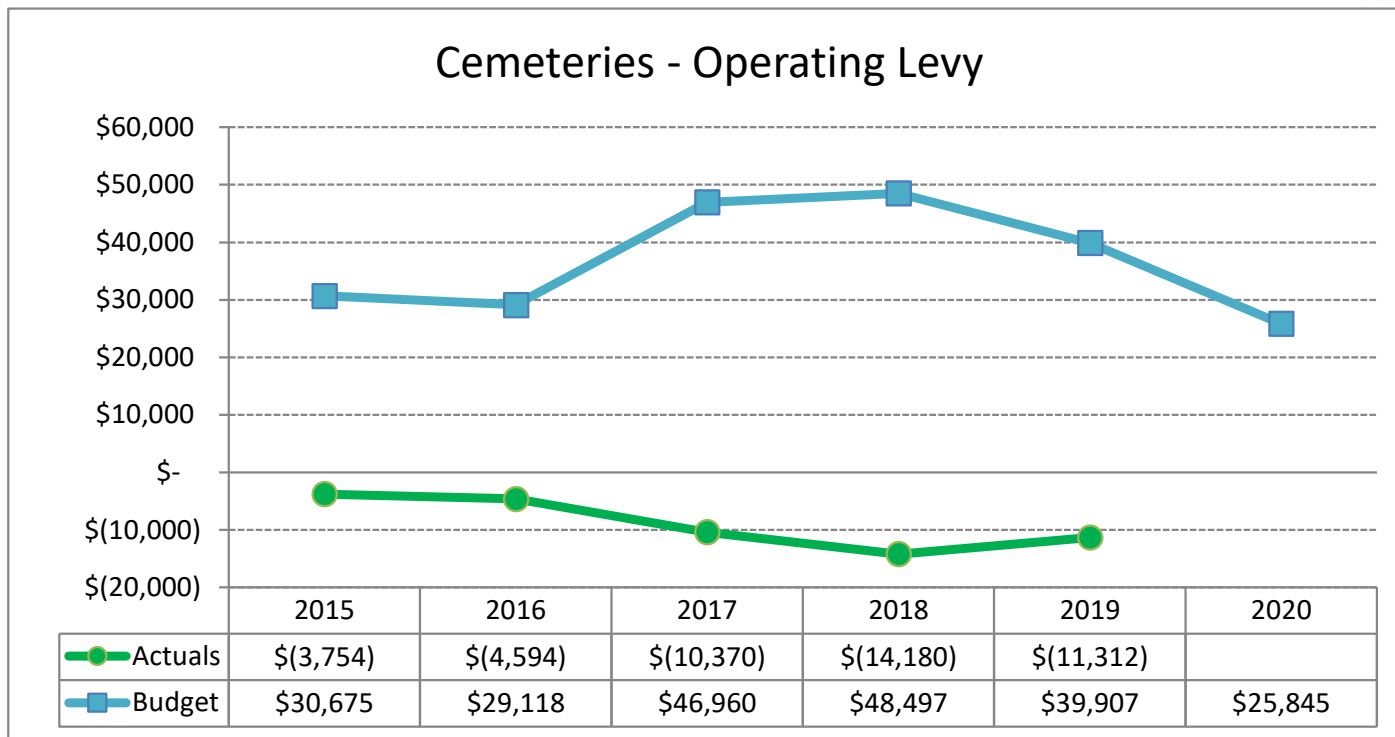
- Actual expenses are considerably lower than budget



- Actual operating revenues have fluctuated



Cemeteries – Net Operating Levy

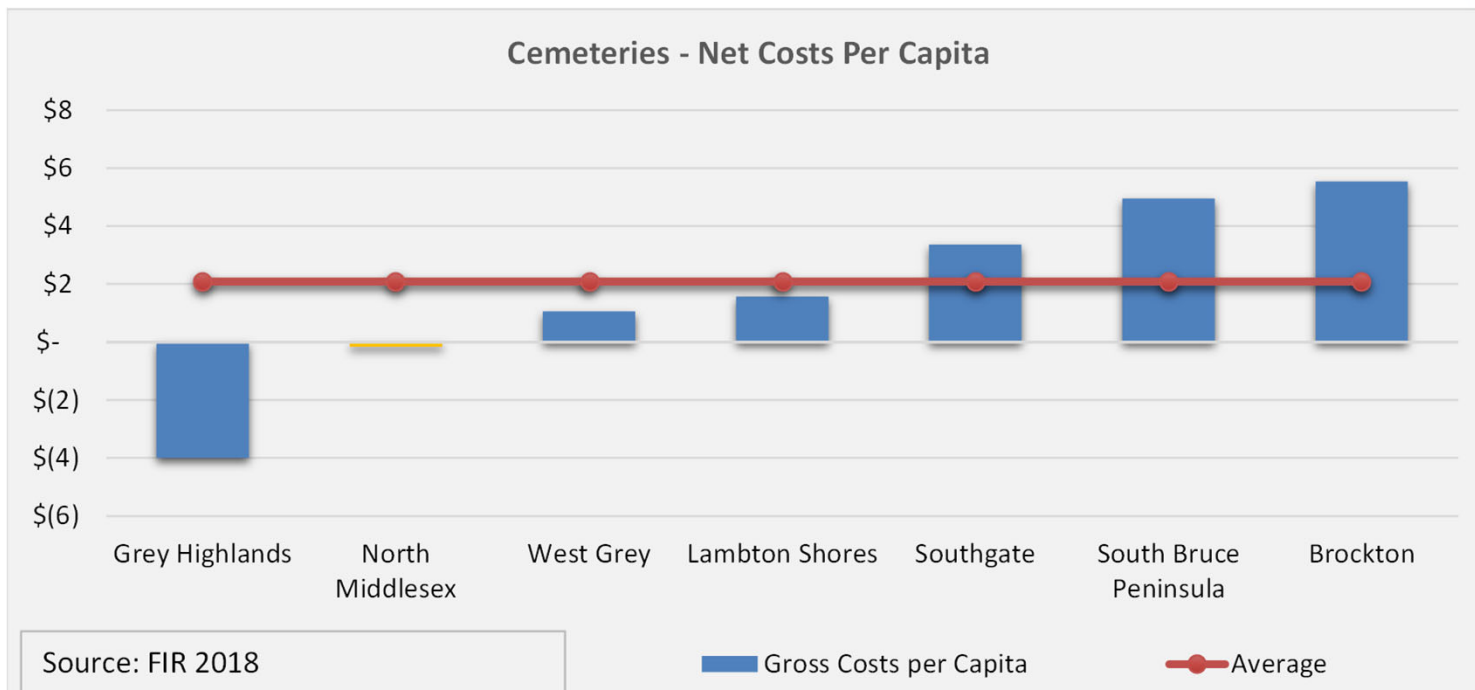


- As illustrated above, the budgeted levy for cemeteries is consistently higher than the actuals



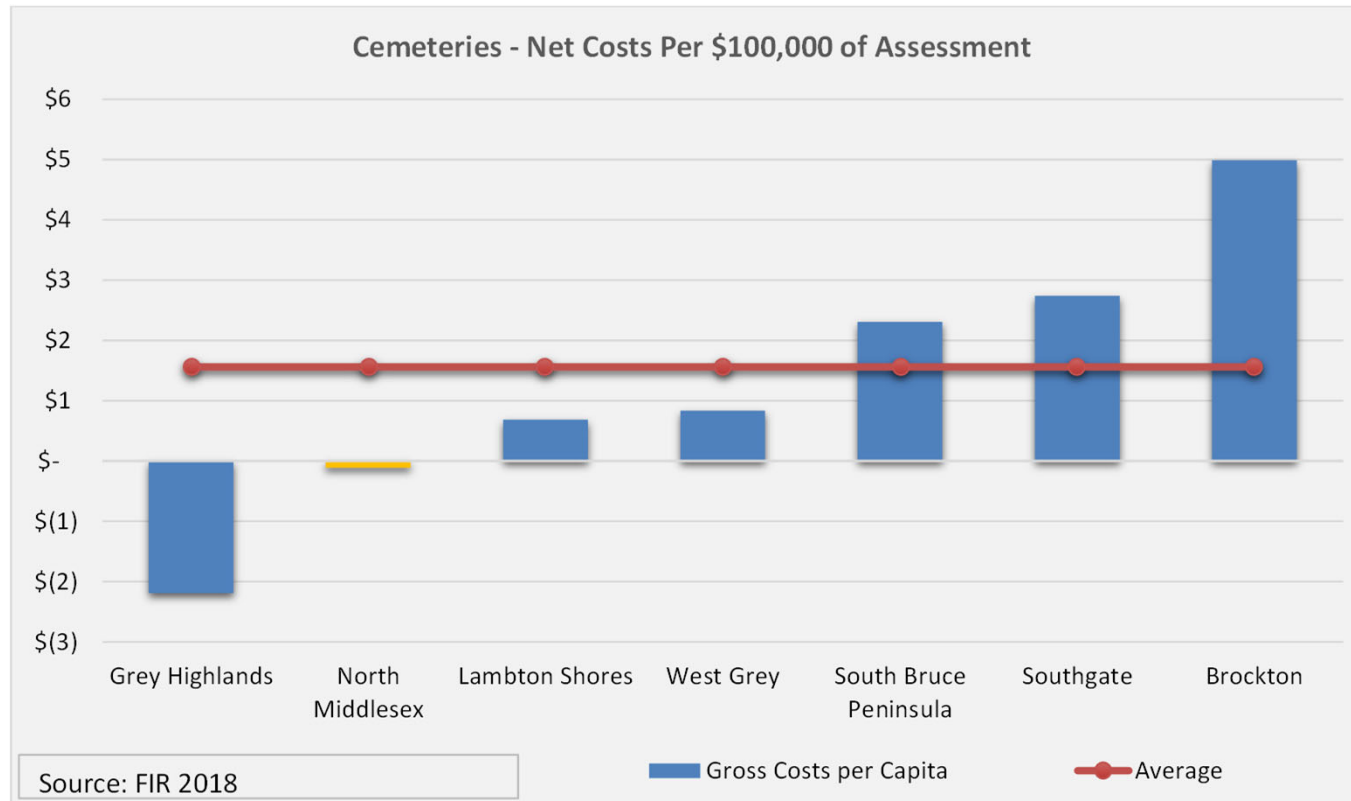
***Benchmarking
Cemeteries***

Cemeteries – Net Costs Per Capita



- Cemeteries costs per capita are below the average, with revenues exceeding expenditures

Cemeteries – Net Costs Per \$100,000 of Assessment



- Cemeteries costs per \$100,000 of assessment are also below the average

Recreation and Facilities Services



Recreation – Background Information

Services and Portfolio

- The Recreation Department budget is structured:
 - Programming through YMCA
 - 3 community centres
 - Arena
 - Sports fields – internally provided
 - Cut and maintain cemeteries
 - Contract out 3 isolated cemeteries
 - Care & Maintenance of 5 facilities & 7 pavilions
 - Care & Maintenance of 10 sports fields
 - Grass is cut at 12 cemeteries, 12 facilities and 3 parks (98 acres)

Recreation and Facilities Services– Summary by Business Unit

FACILITIES & RECREATION	Budget						% of Total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Recreation Administration	180,365	186,216	256,978	264,330	275,450	287,269	29.2%	106,904	9.8%
Equipment Maintenance	18,027	28,725	28,600	25,050	24,500	22,800	2.3%	4,773	4.8%
Parkhill Arena	146,439	201,278	185,068	227,468	231,379	191,602	19.5%	45,163	5.5%
Parkhill Community Centre	30,064	29,072	32,289	(1,665)	40,128	34,232	3.5%	4,168	2.6%
North Middlesex Sports Fields & Parks	97,830	90,328	110,072	126,840	124,250	132,371	13.5%	34,541	6.2%
Parks Grass Cutting	30,425	51,465	48,675	60,200	55,700	19,523	2.0%	(10,902)	-8.5%
Leisure Club	(865)	(922)	(814)	386	4,302	2,815	0.3%	3,680	-226.6%
Ailsa Craig Community Centre	36,114	43,121	41,592	50,495	51,370	41,756	4.3%	5,642	2.9%
Arena Canteen	8,250	12,620	7,300	11,010	12,200	7,034	0.7%	(1,216)	-3.1%
West McGillivray Community Centre- Building Sold	1,509	1,748	2,346	2,322	-	1,990	0.2%	481	5.7%
Nairn Optimist Rink	-	12,500	15,200	19,100	19,112	10,000	1.0%	10,000	0.0%
West Williams Community Centre	16,045	18,166	14,281	19,110	20,320	13,240	1.3%	(2,805)	-3.8%
Shared Services Building	182,028	176,800	170,280	175,050	175,664	163,904	16.7%	(18,124)	-2.1%
Ye Olde Town Hall	450	450	2,350	1,350	1,350	3,500	0.4%	3,050	50.7%
Carnegie Building	5,190	6,638	6,222	5,775	5,907	3,960	0.4%	(1,230)	-5.3%
Ailsa Craig Library & Medical Centre	(13,310)	(14,020)	(12,728)	(9,585)	(7,953)	(8,923)	-0.9%	4,387	-7.7%
North Middlesex Medical Centre	-	-	(4,914)	(3,614)	(3,150)	(3,758)	-0.4%	(3,758)	0.0%
Fitness Facility	27,000	12,614	12,369	13,286	7,975	59,154	6.0%	32,154	17.0%
Recreation Programs	1,000	500	500	500	500	-		(1,000)	-100.0%
Total - Facilities & Recreation - General	766,561	857,299	915,666	987,408	1,039,004	982,470	100.0%	215,909	5.1%
Total - FACILITIES & RECREATION LEVY	766,561	857,299	915,666	987,408	1,039,004	982,470	100.0%	215,909	5.1%

- The average annual net levy increased, on average by 5.1% from 2015-2020.

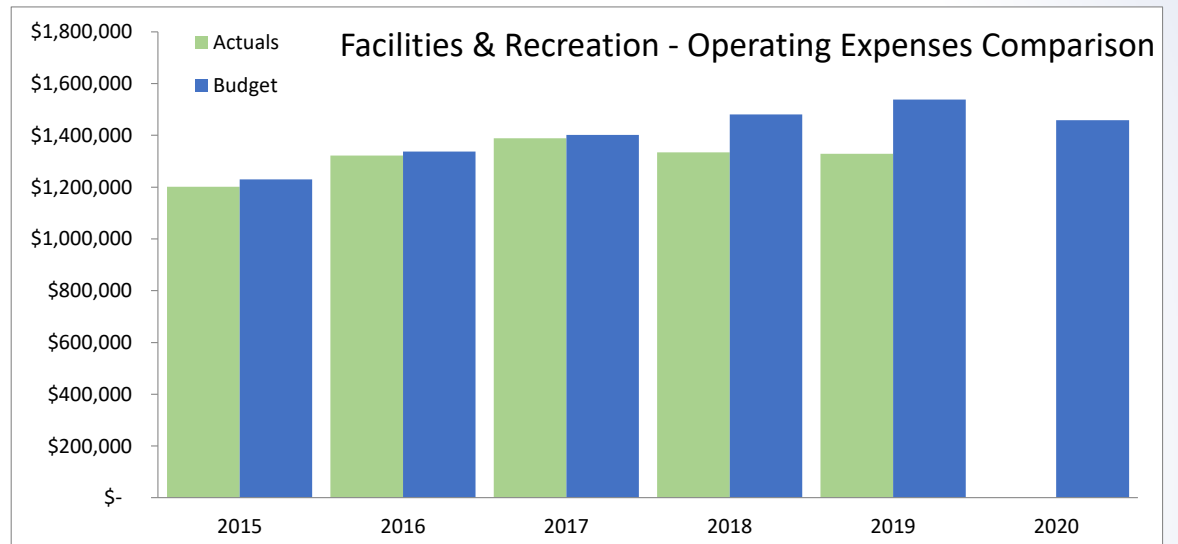
Recreation and Facilities Services— Summary by Operating Object

Facilities & Recreation Operating	Budget						% of Total 2020	\$ change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Salaries, Wages & Benefits	\$ 398,955	\$ 457,265	\$ 494,659	\$ 576,595	\$ 570,130	\$ 591,863	41%	\$ 192,908	8.2%
Insurance	\$ 67,945	\$ 70,750	\$ 72,478	\$ 72,368	\$ 71,306	\$ 77,321	5%	\$ 9,376	2.6%
Repairs & Maintenance	\$ 110,707	\$ 124,780	\$ 134,050	\$ 157,850	\$ 161,050	\$ 136,850	9%	\$ 26,143	4.3%
Utilities	\$ 187,550	\$ 193,150	\$ 182,000	\$ 198,900	\$ 196,600	\$ 178,630	12%	\$ (8,920)	-1.0%
Debt Charges	\$ 240,818	\$ 240,818	\$ 239,618	\$ 239,618	\$ 239,618	\$ 187,500	13%	\$ (53,318)	-4.9%
Misc Expenses	\$ 223,663	\$ 250,685	\$ 278,550	\$ 235,671	\$ 299,323	\$ 285,751	20%	\$ 62,088	5.0%
Total Operating Expenses	\$ 1,229,638	\$ 1,337,448	\$ 1,401,355	\$ 1,481,002	\$ 1,538,027	\$ 1,457,915	100%	\$ 228,277	3.5%
Total Operating Revenues	\$ 463,077	\$ 480,149	\$ 485,689	\$ 493,594	\$ 499,023	\$ 475,445		\$ 12,368	0.5%
Total Net Operating Levy	\$ 766,561	\$ 857,299	\$ 915,666	\$ 987,408	\$ 1,039,004	\$ 982,470		\$ 215,909	5.1%

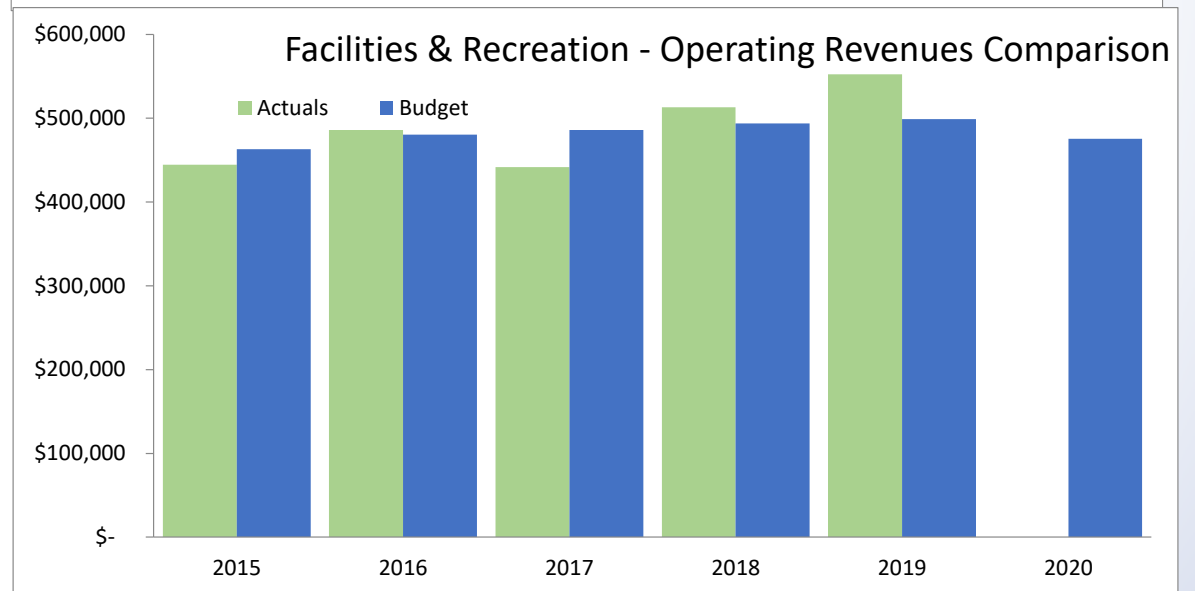
- On average, there has been an annual increase in operating expenses by 3.5% from 2015-2020, however, revenues increased annually by only 0.5%, resulting in an increase in the net operating levy of 5.1% annually.
- Salaries, wages and benefits represent 41% of the total operating expenditures and have increased, on average by 8.2% annually.

Recreation and Facilities Services— Operating Revenues and Expenditures

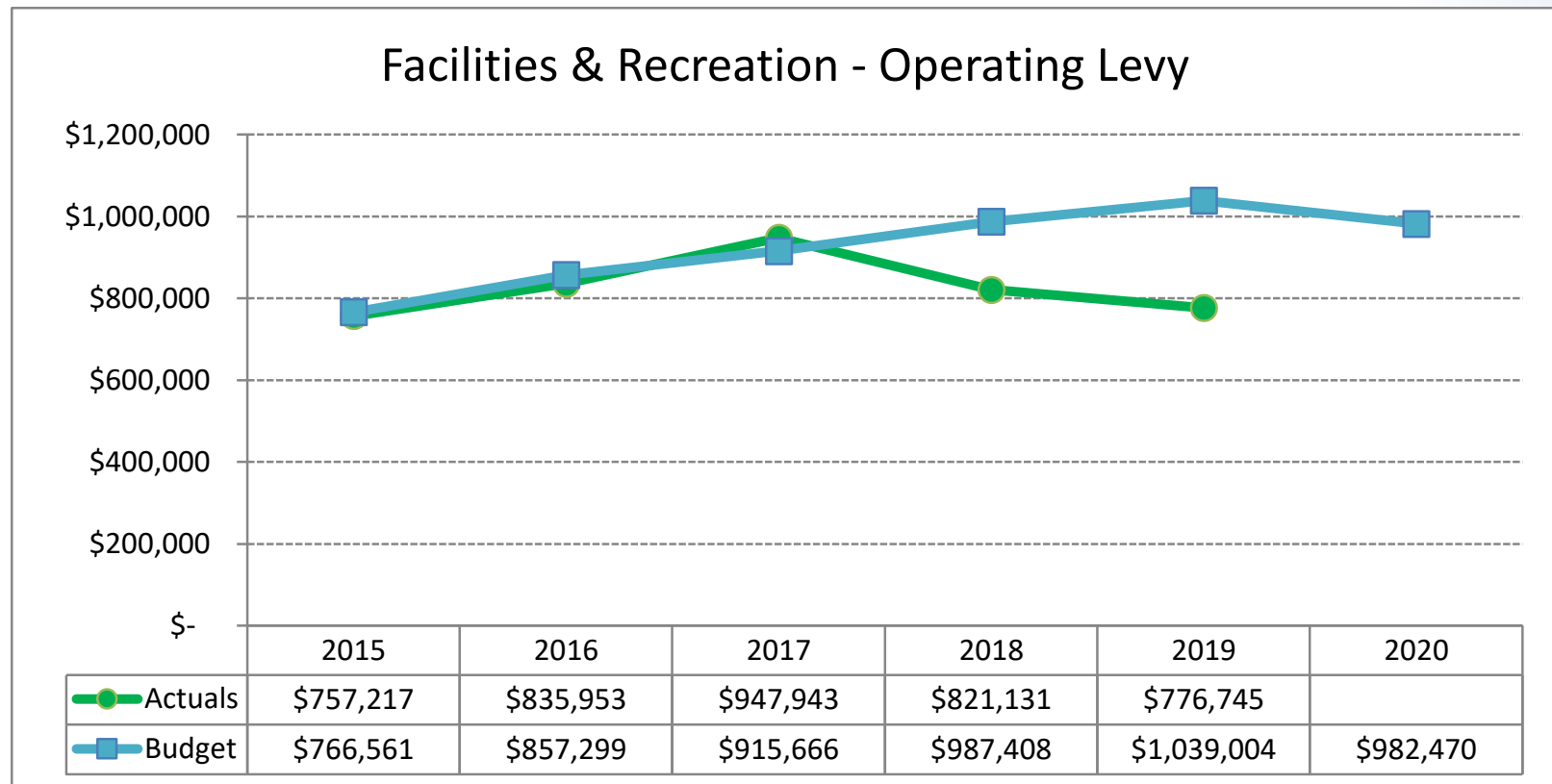
- Actual Operating expenses have been lower than the budget in every year



- With the exception of 2019, actual revenues have exceeded the budget



Recreation and Facilities Services– Net Operating Levy



- As shown above, the actual net operating levy is at or below the budget in each year except 2017
- Actual net levy in 2018 and 2019 were significantly underspent, resulting in surpluses. This should be reviewed to determine if there are additional opportunities to reduce the budget to better align with actual spending and revenue patterns as well as future program and service delivery

Contracted Vs. In-House Services

The following summarizes the program and services that are provided through contracted services and staff resources:

Contract

- Plowing parking lots
- Recreation programming
- 3 isolated cemeteries
- Cleaning of Libraries
- Pest control
- Large equipment maintenance

Internal Services

- Grass cutting
- Canteen
- Arena maintenance and operations
- Community Centre cleaning and assistance
- Lawn equipment maintenance

Recreation – Observations

- There is a need to undertake a condition assessment of the facilities to establish future capital requirements.
- There are a number of properties including the former Municipality Hall and other facilities that are rented out which should also be assessed to determine their overall condition, repair costs and to rationalize their ongoing need within the Municipality's portfolio.
- There is a need to assess the entire portfolio of fields and ball diamonds and future needs, to service growth or potentially reduce service to align with demand.
- Decommissioning some facilities could result in a reduction of costs and potential revenues from sale of properties.
- Recreation Master Plan has not been undertaken but the Municipality undertakes customer surveys to assess program and service demands.
- The Municipality has attempted to maintain a base of volunteers to help reduce costs but this is an ongoing challenge.
- Programming is exclusively provided through the YMCA which has proven to be an efficient strategy and is one undertaken in a number of small municipalities where there is a YMCA presence.

Recreation – Observations

- A user fee study was undertaken in-house and should be reviewed to ensure the policies have been clearly established and the full cost of service has been identified to understand the level of taxpayer subsidization.
- Staff have been active to attracting funding and grants to help offset program costs for new initiatives.
- Canteen operations is provided through in-house services and has been losing money annually. There may be opportunities to operate at a break even level by undertaking a review of the revenues and expenditures, pricing and alternative service delivery models.

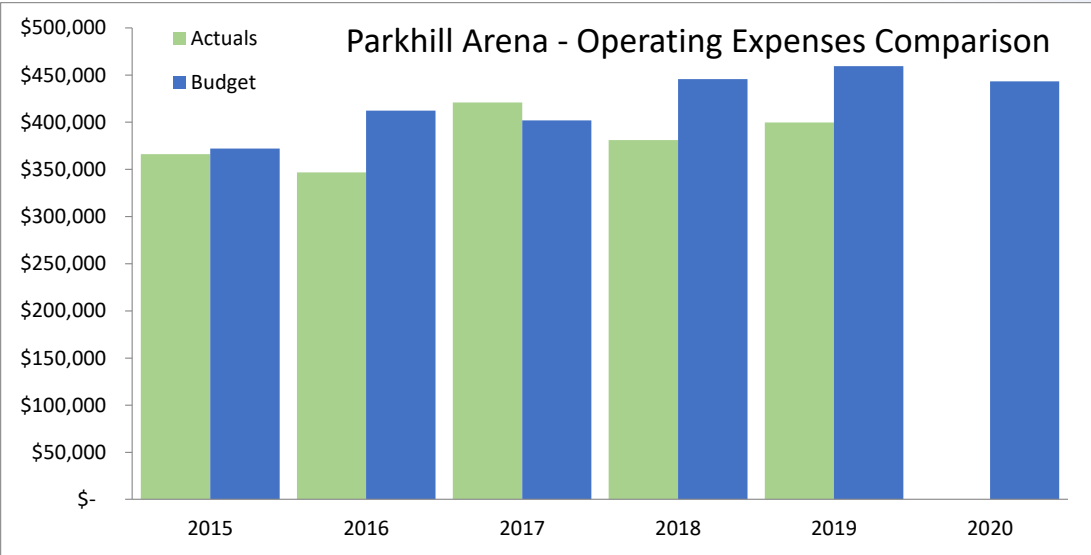
Arena – Operating Budget

Parkhill Arena Operating	Budget						% of total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Revenue									
Donations	\$ 7,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -		\$ (7,000)	-100.0%
Lease Revenues	\$ -	\$ -	\$ 8,800	\$ 10,000	\$ 30,000	\$ 33,000	13%	\$ 33,000	0.0%
Misc Revenues	\$ 1,900	\$ 1,000	\$ 1,050	\$ 1,050	\$ 1,050	\$ 1,350	1%	\$ (550)	-6.6%
Rental Revenues	\$ 209,300	\$ 197,756	\$ 197,100	\$ 197,100	\$ 187,100	\$ 206,500	82%	\$ (2,800)	-0.3%
User Charges	\$ 7,300	\$ 7,300	\$ 10,000	\$ 10,000	\$ 10,000	\$ 11,000	4%	\$ 3,700	8.5%
Total Revenues	\$ 225,500	\$ 211,056	\$ 216,950	\$ 218,150	\$ 228,150	\$ 251,850	100%	\$ 26,350	2.2%
Expense									
Advertising Expenses	\$ 950	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	0%	\$ 50	1.0%
Cleaning & Maintenance Supplies	\$ 4,000	\$ 4,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,500	1%	\$ (500)	-2.6%
Contracted Services	\$ 8,100	\$ 7,900	\$ 8,600	\$ 9,500	\$ 9,500	\$ 8,000	2%	\$ (100)	-0.2%
Insurance	\$ 28,043	\$ 27,999	\$ 29,400	\$ 30,000	\$ 33,891	\$ 37,195	8%	\$ 9,152	5.8%
Licences Expenses	\$ 550	\$ 350	\$ 250	\$ 250	\$ 250	\$ 250	0%	\$ (300)	-14.6%
Misc Expenses	\$ 4,300	\$ 4,400	\$ 3,400	\$ 3,400	\$ 3,400	\$ 3,400	1%	\$ (900)	-4.6%
Principal Charges	\$ 52,118	\$ 52,118	\$ 52,118	\$ 52,118	\$ 52,118	\$ -		\$ (52,118)	-100.0%
Rental Expenses	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	0%	\$ (500)	-12.9%
Repairs & Maintenance	\$ 40,500	\$ 47,350	\$ 52,550	\$ 57,550	\$ 62,550	\$ 75,150	17%	\$ 34,650	13.2%
Salaries, Wages & Benefits	\$ 127,928	\$ 164,717	\$ 156,200	\$ 183,800	\$ 188,820	\$ 207,877	47%	\$ 79,949	10.2%
Telephone	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 1,250	0%	\$ (750)	-9.0%
Utilities	\$ 96,100	\$ 91,000	\$ 85,500	\$ 91,500	\$ 91,500	\$ 93,330	21%	\$ (2,770)	-0.6%
Water & Sewer Expenses	\$ 6,350	\$ 8,500	\$ 7,000	\$ 10,500	\$ 10,500	\$ 12,000	3%	\$ 5,650	13.6%
Total Expenses	\$ 371,939	\$ 412,334	\$ 402,018	\$ 445,618	\$ 459,529	\$ 443,452	100%	\$ 71,513	3.6%
Net Operating Levy	\$ 146,439	\$ 201,278	\$ 185,068	\$ 227,468	\$ 231,379	\$ 191,602		\$ 45,163	5.5%

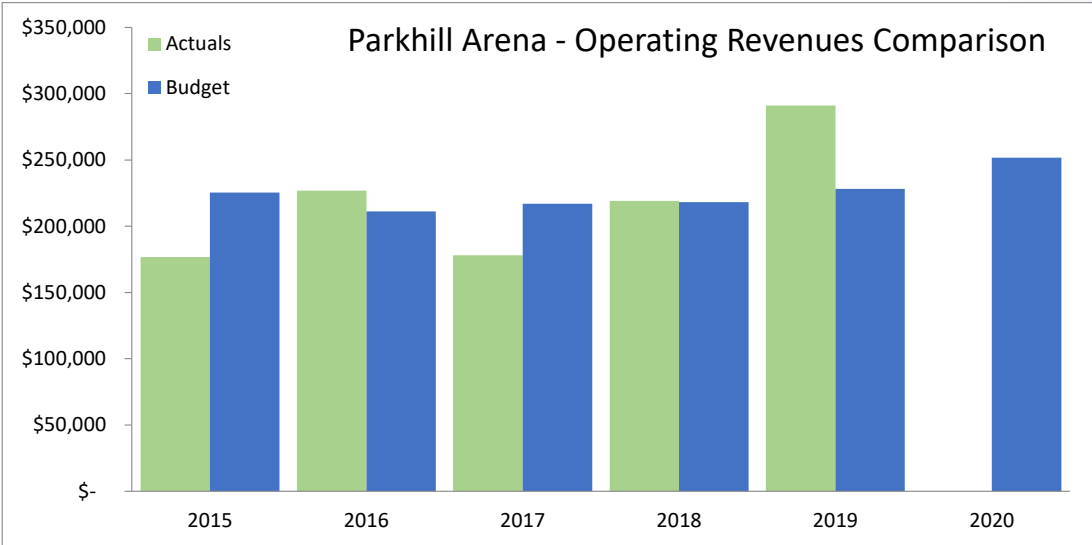
- Salaries, wages & benefits represents 47% of the total expenditures and these costs have increased, annually by 10.2%.
- Utilities represents 21% of the costs and the budget has been decreasing annually by 0.6%.
- Repairs and maintenance costs have increased, reflecting an aging infrastructure.

Arena – Revenues and Expenditures Budget to Actuals

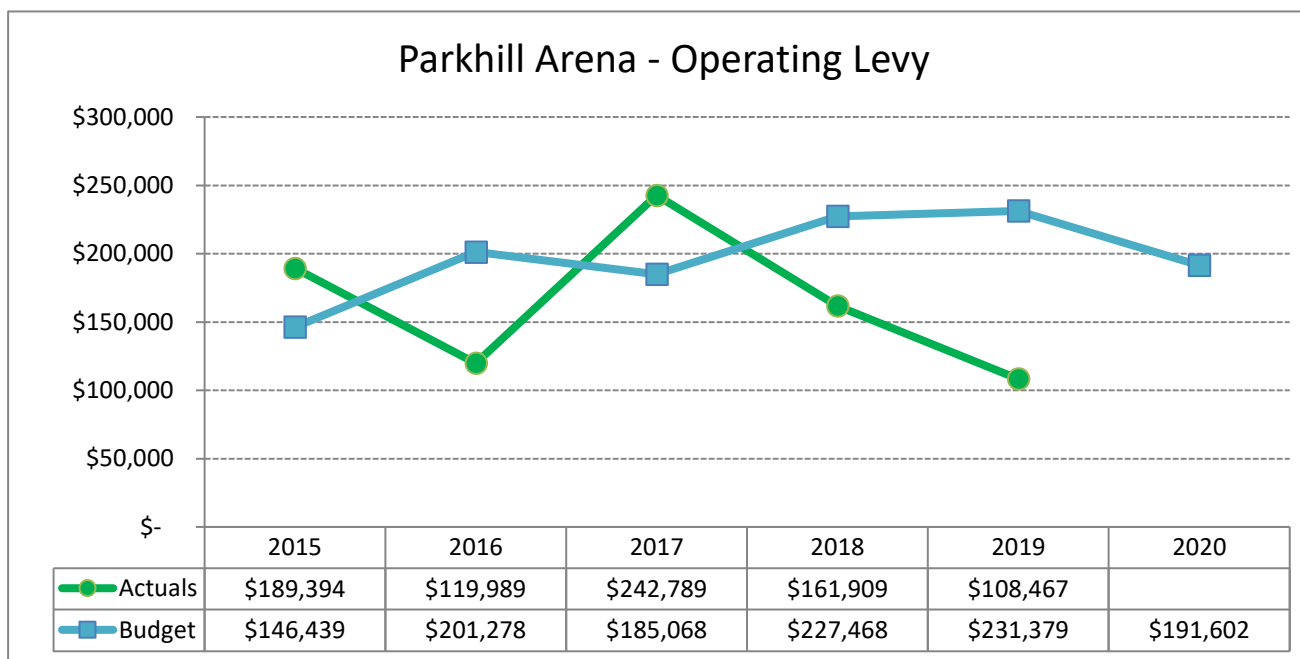
- With the exception of 2017, operating expenditures have been lower than the budget



- Operating revenues fluctuate annually with an increase in revenues related to arena rentals



Arena – Net Levy



- As shown above, the operating levy is fluctuating above or below the budget.
- Actual net levy in 2018 and 2019 were significantly under spent, resulting in surpluses. This should be reviewed to determine if there are additional opportunities to reduce the budget to better align with actual spending and revenue patterns as well as future program and service delivery.



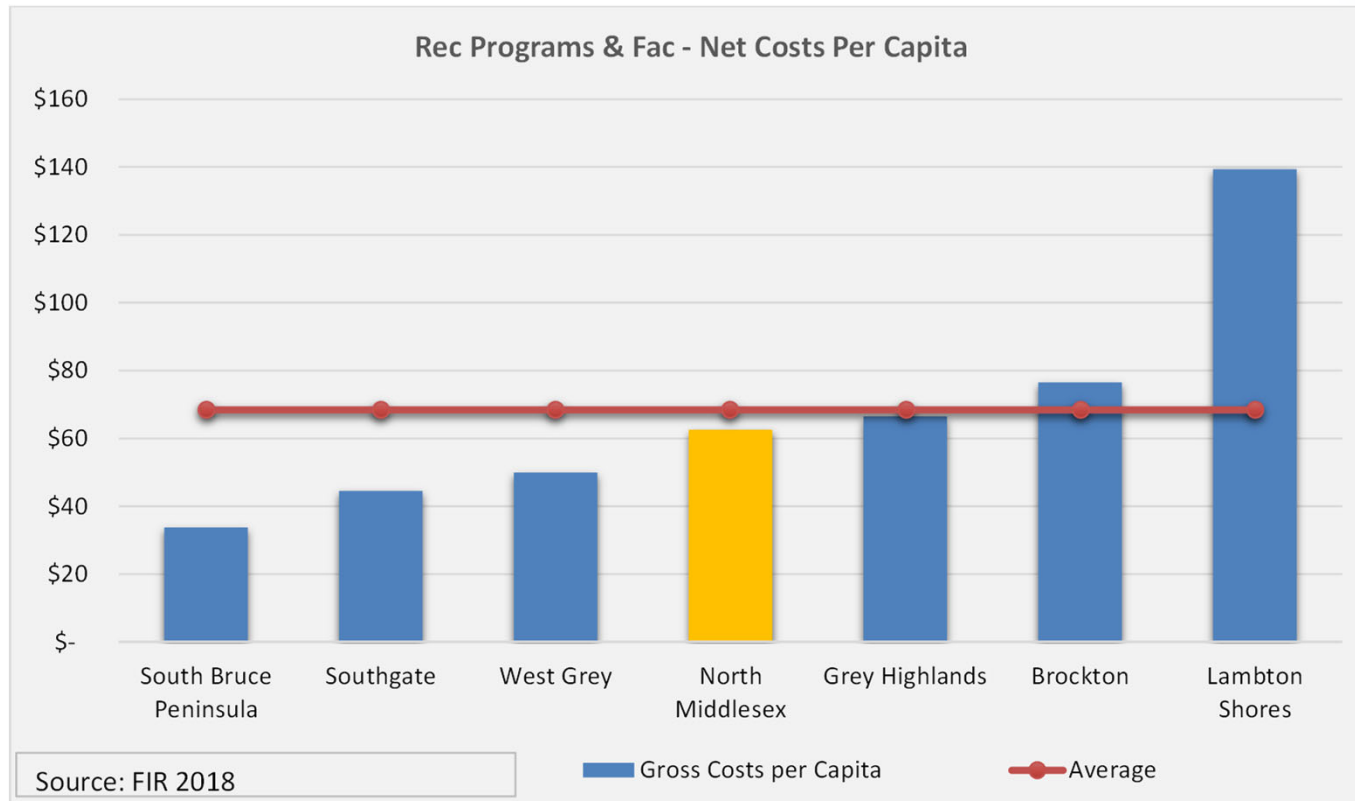
***Benchmarking
Recreation and Cultural
Services***

Recreation Peer Comparisons

Each municipality's results are influenced to varying degrees by a number of factors, including:

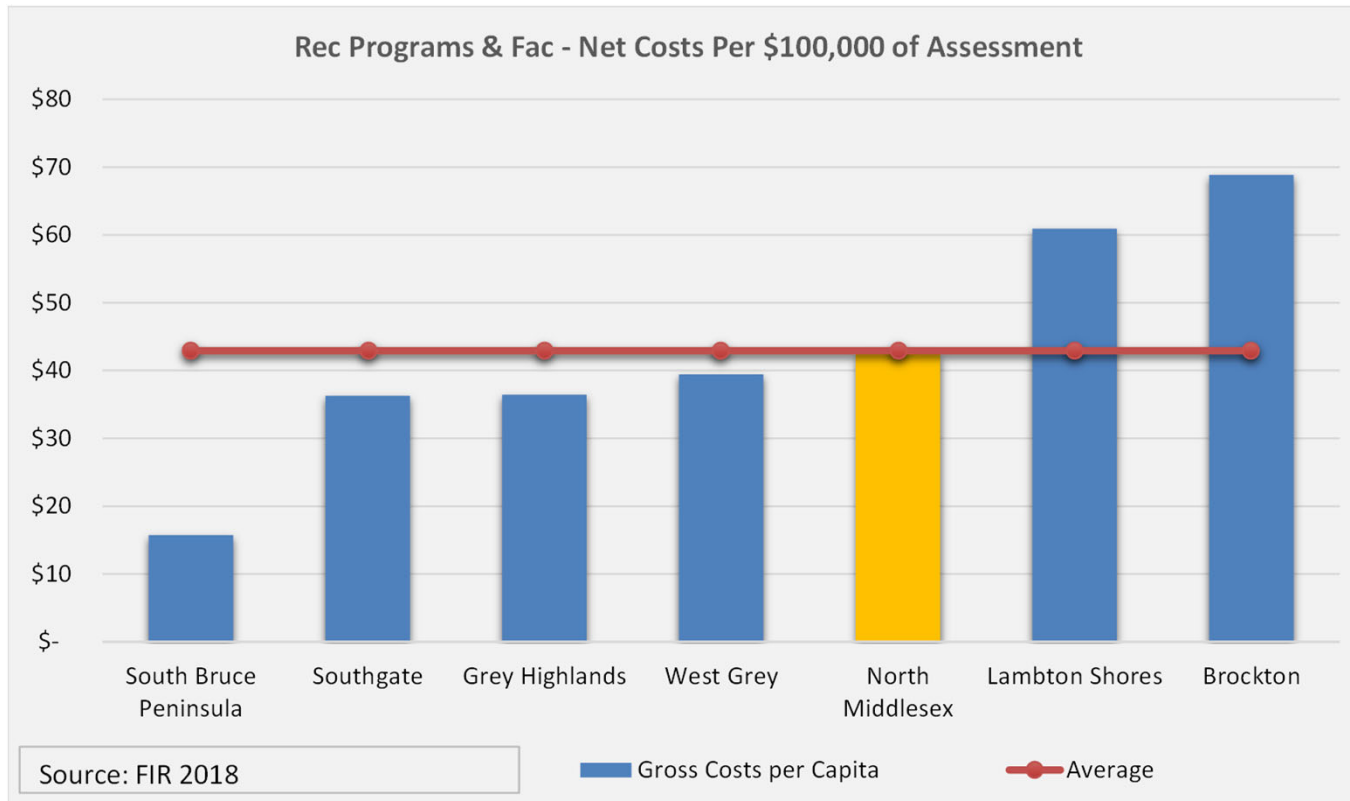
- Recreation facilities: Number of facilities, mix of facility types and age of facilities;
- Programming: Variety of recreation program types offered, number and extent of age groups with targeted programming; frequency and times of program offerings; class length; mix of instructional vs. drop-in vs. permitted programming;
- Transportation: Access and the number of program locations; and
- Collective agreements: Differences in wage rates and staffing structures.

Recreation Programs & Facilities— Net Costs Per Capita



- Recreation Programs and Facilities net costs in North Middlesex are below the peer survey on a per capita basis

Recreation Programs & Facilities— Net Costs Per \$100,000 of Assessment



- Recreation Programs and Facilities net costs in North Middlesex are below the peer survey on a per \$100,000 of assessment basis

Planning & Economic Development



Planning Services– Background Information

Services and Portfolio

Planning key responsibilities include:

- Land use planning.
- Review and administration of applications for planning approvals in accordance with the Official Plan, Zoning By-law, and a variety of other policies and matters under various pieces of Provincial legislation, including the *Planning Act*; *Municipal Act*; *Development Charges Act*; *Ontarians with Disabilities Act*; and *the Provincial Offences Act*.
- Administration and planning related functions with respect to the Committee of Adjustment for Consents and the Committee of Adjustment for Minor Variances are also the responsibility of the Planning Services Branch.

Economic Development key responsibilities include:

- Working with community groups, volunteer programs, local Ec. Dev.
- Physician recruitment

Planning and Economic Development – Summary by Operating Object

Planning & Economic Development Operating	Budget						% of total 2020	\$ Change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Revenue									
Misc Revenues	\$ -	\$ -	\$ -	\$ 100	\$ 100	\$ -		\$ -	
Program Revenues	\$ 28,750	\$ 16,475	\$ -	\$ -	\$ -	\$ -		\$ (28,750)	-100.0%
User Charges	\$ 30,000	\$ 31,500	\$ 25,000	\$ 27,000	\$ 28,000	\$ 31,500	100%	\$ 1,500	1.0%
Total Revenues	\$ 58,750	\$ 47,975	\$ 25,000	\$ 27,100	\$ 28,100	\$ 31,500	100%	\$ (27,250)	-11.7%
Expense									
Advertising Expenses	\$ 6,050	\$ 2,250	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	3%	\$ (2,050)	-7.9%
Contracted Services	\$ 70,700	\$ 15,000	\$ 10,000	\$ 10,000	\$ 5,000	\$ 2,500	2%	\$ (68,200)	-48.7%
Dev Charges Review	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 5,000	3%	\$ 5,000	0.0%
Education & Training	\$ -	\$ 500	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	1%	\$ 2,000	0.0%
Internet Service	\$ 2,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 2,500	2%	\$ 500	4.6%
Legal	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	13%	\$ -	0.0%
Memberships	\$ -	\$ 850	\$ 850	\$ 13,350	\$ 13,350	\$ 350	0%	\$ 350	0.0%
Misc Expenses	\$ 1,000	\$ 4,000	\$ 5,250	\$ 23,250	\$ 23,250	\$ 33,000	21%	\$ 32,000	101.2%
Office Supplies	\$ 700	\$ 600	\$ 700	\$ 700	\$ 700	\$ 750	0%	\$ 50	1.4%
Professional Engineering	\$ 50,000	\$ 50,000	\$ 40,000	\$ 40,000	\$ 30,000	\$ 20,000	13%	\$ (30,000)	-16.7%
Salaries, Wages & Benefits	\$ 8,500	\$ 62,364	\$ 82,100	\$ 94,240	\$ 79,600	\$ 80,890	51%	\$ 72,390	56.9%
Telephone	\$ -	\$ 750	\$ 600	\$ 600	\$ 600	\$ 700	0%	\$ 700	0.0%
Transfer To (From) Res & Res Funds	\$ (3,550)	\$ -	\$ (22,000)	\$ (30,000)	\$ -	\$ (15,000)	-9%	\$ (11,450)	33.4%
Transfer to County - Mapping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	
Travel Expenses	\$ 100	\$ 300	\$ 1,500	\$ 1,800	\$ 1,800	\$ 1,500	1%	\$ 1,400	71.9%
Total Expenses	\$ 155,500	\$ 163,614	\$ 152,000	\$ 186,940	\$ 187,300	\$ 158,190	100%	\$ 2,690	0.3%
Net Operating Levy	\$ 96,750	\$ 115,639	\$ 127,000	\$ 159,840	\$ 159,200	\$ 126,690		\$ 29,940	5.5%

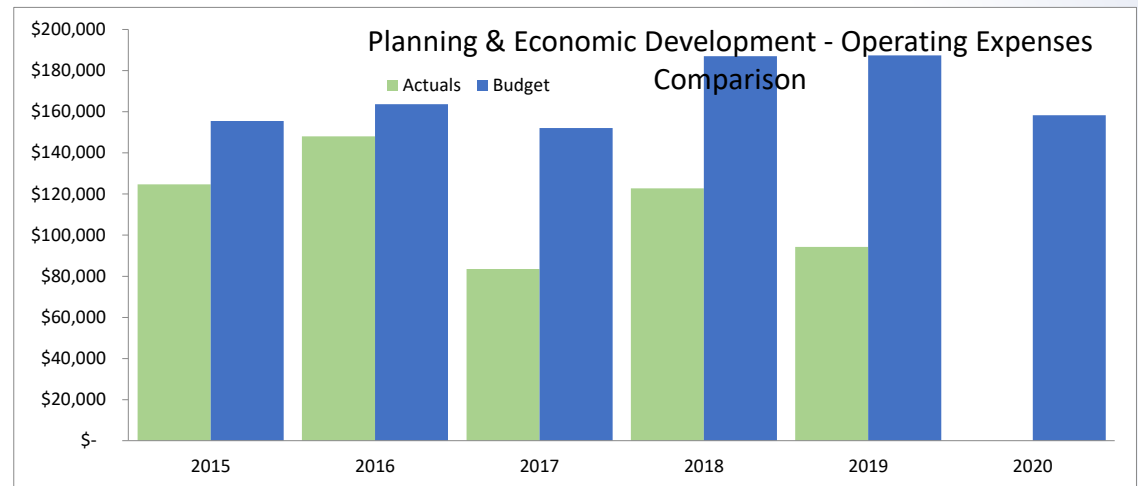
- Planning and Economic Development includes activities related to planning, zoning and economic development.
- Planning services in North Middlesex are provided through a shared service with the County whereby the County Planner operates in North Middlesex one day a week. Given the level of activity, this approach is appropriate and reduces costs to the Municipality.

Planning and Economic Development – Summary by Operating Object

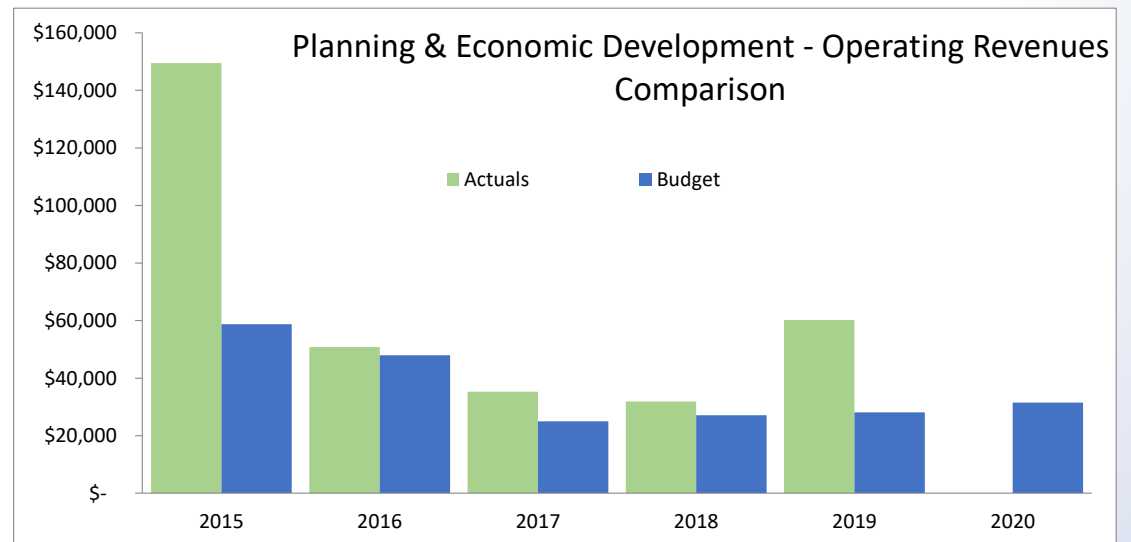
- The average annual net levy increase for Planning and Economic Development increased 5.5% from 2015-2020. This is primarily driven by a reduction in revenues (program revenues) which were credited to this budget. These may have been moved to another budget as there is no detailed information available.
- Budgeted user fee revenues have increased, on average 1% annually. While somewhat hard to predict the activity levels and associated revenues, the actual revenues have exceeded the budget in each of the years under review
- Expenditures increased by only 0.3% annually, however, this is skewed by what appeared to be a one-time contract service in 2015.
- Professional engineering has declined from \$50,000 in 2015 to \$20,000 in 2020.
- Salaries, Wages and Benefits has increased from 2015-2020. In 2020, these expenditures represent 51% of the operating expenditures for this area. The increase appears to be, in part, related to a reallocation of costs to this area in 2016.
- The Director of Economic Development and Community Services is allocated to this portfolio as well as recreation.
- Memberships reduced in 2020 based on a decision to discontinue membership in SOMA, resulting in a reduction of approximately \$10,000 in operating expenditures.

Planning and Development – Operating Revenues and Expenditures

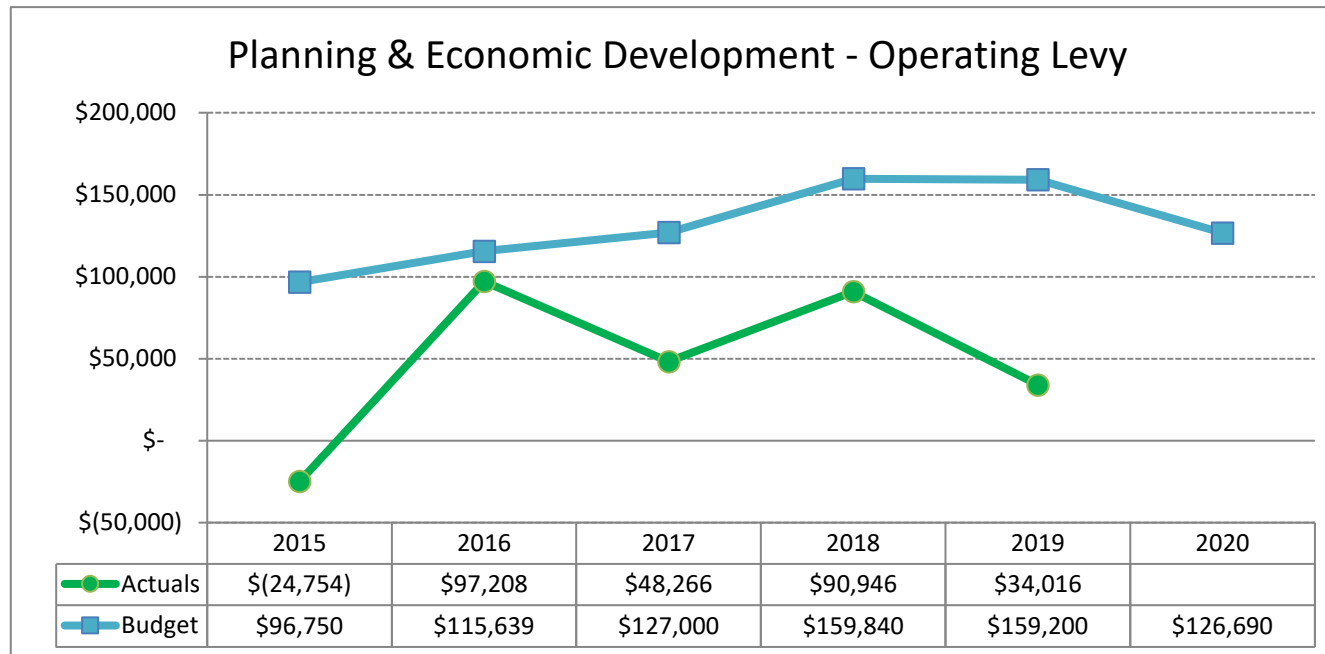
- Actual operating expenses has been below the budget in each year



- Actual revenues generated have exceeded the budget in each year
- 2015 includes a one time grant for special projects



Planning & Development – Net Operating Levy



- As shown above, the actual net operating levy is below the budget in each year.
- Salaries, wages and benefits have been considerably below the budget, as have legal costs and professional services.
- These two areas may create budget reductions once a rationalization exercise has been undertaken .

Planning and Economic Development – Budget to Actual Variance

Planning & Economic Development Operating	Budget to Actuals				
	2015	2016	2017	2018	2019
Revenue					
Misc Revenues	\$ (96,478)	\$ (229)	\$ (113)	\$ 100	\$ 100
Program Revenues	\$ 6,475	\$ 6,000	\$ -	\$ (2,520)	\$ (1,500)
User Charges	\$ (700)	\$ (8,650)	\$ (10,150)	\$ (2,300)	\$ (30,707)
Total Revenues	\$ (90,703)	\$ (2,879)	\$ (10,263)	\$ (4,720)	\$ (32,107)
Expense					
Advertising Expenses	\$ 4,118	\$ (722)	\$ 1,428	\$ 803	\$ 1,183
Contracted Services	\$ 433	\$ 1,491	\$ 9,143	\$ 4,137	\$ 4,763
Dev Charges Review	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Education & Training	\$ (23)	\$ 388	\$ (102)	\$ 1,779	\$ 1,747
Internet Service	\$ 2,000	\$ (11,231)	\$ 2,448	\$ 2,569	\$ 2,319
Legal	\$ 15,909	\$ 5,177	\$ 19,542	\$ 15,198	\$ 21,664
Memberships	\$ -	\$ 106	\$ 94	\$ (456)	\$ 3,020
Misc Expenses	\$ (14,324)	\$ (3,671)	\$ 580	\$ 12,610	\$ 11,004
Office Supplies	\$ 233	\$ (119)	\$ (361)	\$ (146)	\$ 222
Professional Engineering	\$ 19,110	\$ 1,870	\$ 33,045	\$ 34,145	\$ 1,972
Salaries, Wages & Benefits	\$ 3,804	\$ 20,579	\$ 454	\$ 21,336	\$ 34,283
Telephone	\$ -	\$ 596	\$ (12)	\$ (189)	\$ (77)
Transfer To (From) Res & Res Funds	\$ -	\$ -	\$ -	\$ (30,000)	\$ 7,500
Transfer to County - Mapping	\$ -	\$ -	\$ -	\$ -	\$ -
Travel Expenses	\$ (458)	\$ (912)	\$ 212	\$ 389	\$ 1,478
Total Expenses	\$ 30,802	\$ 15,552	\$ 68,471	\$ 64,173	\$ 93,077
Net Operating Levy	\$ 121,504	\$ 18,431	\$ 78,734	\$ 68,894	\$ 125,184

- As shown above, in every year the actual net expenditures have been lower than budget, ranging from \$18,431 under budget (2016) to \$125,184 under budget (2019).

Drainage



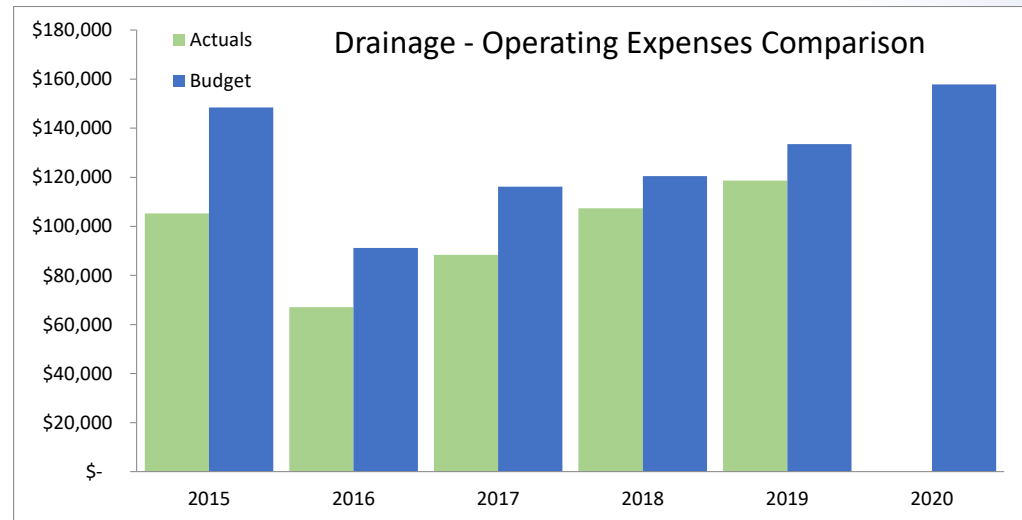
Drainage - Net Operating Levy

Drainage Operating	Budget						Annual %		
	2015	2016	2017	2018	2019	2020	% of Total 2020	% change 2015-2020	2015-2020
Salaries, Wages & Benefits	\$ 69,000	\$ 71,548	\$ 96,450	\$ 100,800	\$ 113,900	\$ 125,594	80%	82%	12.7%
Contracted Services	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 25,000	16%	150%	20.1%
Memberships	\$ 325	\$ 350	\$ 350	\$ 350	\$ 350	\$ 1,000	1%	208%	25.2%
Professional Engineering	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	3%	0%	0.0%
Misc Expenses	\$ 64,050	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 1,200	1%	-98%	-54.9%
Total Operating Expenses	\$ 148,375	\$ 91,198	\$ 116,100	\$ 120,450	\$ 133,550	\$ 157,794	100%	6%	1.2%
Total Operating Revenues	\$ 8,655	\$ 18,685	\$ 18,000	\$ 7,000	\$ 18,000	\$ 18,000		108%	15.8%
Total Net Operating Levy	\$ 139,720	\$ 72,513	\$ 98,100	\$ 113,450	\$ 115,550	\$ 139,794		0%	0.0%

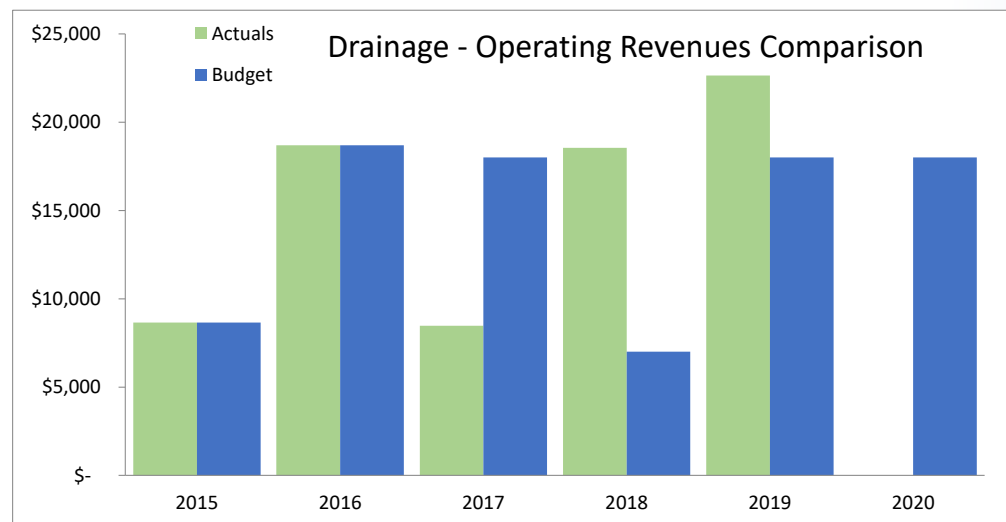
- As shown above, the budget has remained relatively flat from 2015-2020.
- The above excludes debt repayment from ratepayers.
- Currently storm water is currently included in the net levy. Municipalities are moving toward a utility model for stormwater management to help create a sustainable basis upon which to manage required repairs, replacements and system upgrades.

Drainage – Budget and Actuals Trend

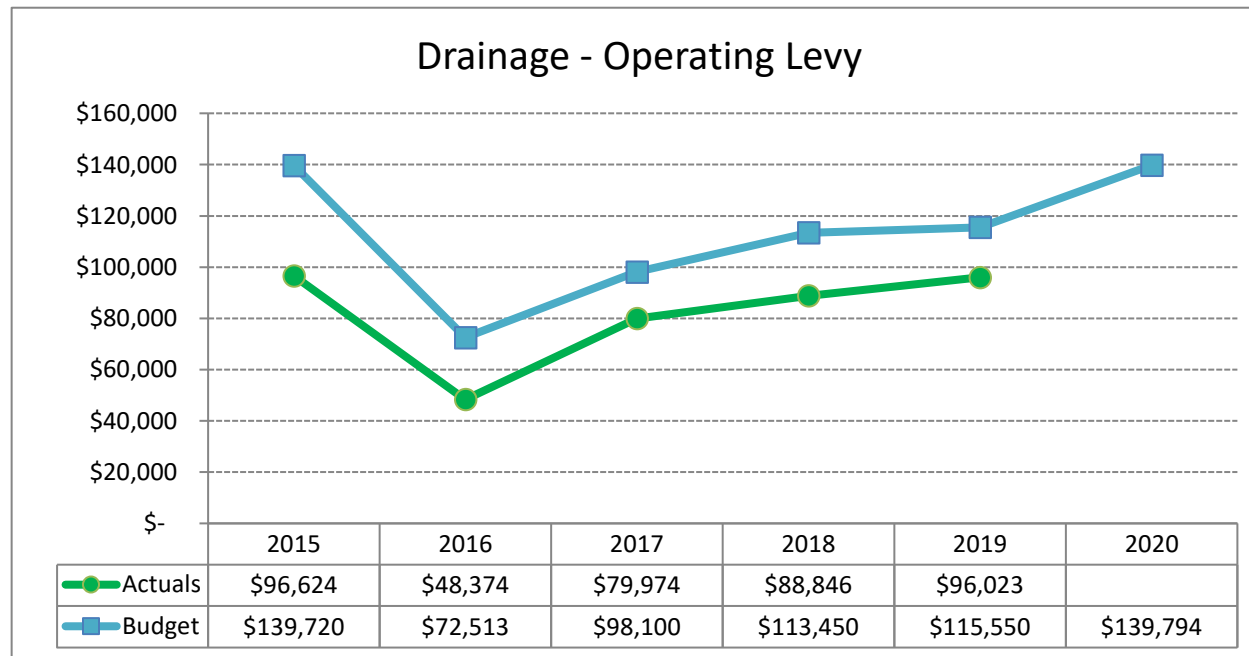
- Actual expenditures are less than budget in each year
- Contracted services are below the budget in each year and should be evaluated in terms of a budget adjustment



- Actual revenues have fluctuated



Drainage - Net Operating Levy



- In all years, the actual levy have been below the budgeted levy as a result of a lower than anticipated expenditures in each year.

Water and Sewer



Water/Sewer - Introduction

Services and Portfolio

- Water & Sewer is an essential service provided to users connected to the municipal system, which is represented, by 2,350 metered water and 1,201 sewer customers
- Municipality has approximately 475 km pipe which is equivalent to 0.2 km per water customer
- Contracted Services include:
 - Operation, maintenance of water & sewer is contracted to OCWA
 - Engineering, construction and improvement of the water & sewer systems are contracted
- The operating and capital costs to provide this service is intended to be recovered fully through water/sewer billings issued quarterly after applying all other water and sewer related revenues such as grants, interest on overdue accounts, water meter sales etc. in 2020, no funding for water and sewer services is provided through the municipal tax levy.

Water Budget – Trend Analysis

Water Operating	Budget						% of Total 2020	% change 2015-2020	Annual % 2015-2020
	2015	2016	2017	2018	2019	2020			
Salaries, Wages & Benefits	\$ 85,140	\$ 91,189	\$ 102,386	\$ 114,900	\$ 123,150	\$ 104,642	5%	23%	4.2%
Contracted Services	\$ 420,066	\$ 438,616	\$ 443,043	\$ 498,204	\$ 508,299	\$ 594,704	27%	42%	7.2%
Repairs & Maintenance	\$ 11,400	\$ 71,400	\$ 63,600	\$ 31,924	\$ 42,500	\$ 35,250	2%	209%	25.3%
Transfer To (From) Res & Res Funds	\$ -	\$ 331,077	\$ 366,354	\$ 361,863	\$ -	\$ (489,064)	-22%	0%	0.0%
Water Purchased	\$ 419,000	\$ 580,905	\$ 590,000	\$ 590,000	\$ 650,000	\$ 663,000	30%	58%	9.6%
Transfer To (From) Capital	\$ -	\$ -	\$ -	\$ -	\$ 463,494	\$ 775,000	35%	0%	0.0%
Misc Expenses	\$ 193,200	\$ 280,930	\$ 283,078	\$ 335,800	\$ 451,645	\$ 554,568	25%	187%	23.5%
Total Operating Expenses	\$ 1,128,806	\$ 1,794,117	\$ 1,848,460	\$ 1,932,691	\$ 2,239,088	\$ 2,238,100	100%	98%	14.7%
Total Operating Revenues	\$ 1,193,547	\$ 1,464,130	\$ 1,455,297	\$ 1,532,949	\$ 2,239,088	\$ 2,238,100		88%	13.4%
Total Net Operating Levy	\$ (64,741)	\$ 329,988	\$ 393,163	\$ 399,742	\$ -	\$ 0			

- As shown above, there have been significant increases in the water cost of service which is primarily driven by a planned contribution to the capital program.
- Planned rate increases in 2020 were reduced as a result of COVID-19 to help provide financial assistance to customers.

Sewer Budget – Trend Analysis

Sewer Operating	Budget						Annual %		
	2015	2016	2017	2018	2019	2020	% of Total 2020	\$ change 2015-2020	2015-2020
Salaries, Wages & Benefits	\$ 9,460	\$ 11,805	\$ 23,037	\$ 23,200	\$ 24,700	\$ 147,671	16%	\$ 138,211	73.3%
Contracted Services	\$ 315,000	\$ 279,283	\$ 310,000	\$ 400,000	\$ 465,770	\$ 376,023	40%	\$ 61,023	3.6%
Transfer To (From) Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000	86%	\$ 800,000	0.0%
Utilities	\$ 157,000	\$ 167,000	\$ 157,300	\$ 137,300	\$ 140,000	\$ 237,904	25%	\$ 80,904	8.7%
Debt Charges	\$ 60,000	\$ 59,159	\$ 54,159	\$ 54,159	\$ 54,000	\$ -	0%	\$ (60,000)	-100.0%
Misc Expenses	\$ 191,600	\$ 241,660	\$ 302,098	\$ 295,001	\$ 286,040	\$ (626,846)	-67%	\$ (818,446)	-226.8%
Total Operating Expenses	\$ 733,060	\$ 758,907	\$ 846,594	\$ 909,660	\$ 970,511	\$ 934,752	100%	\$ 201,692	5.0%
Total Operating Revenues	\$ 672,000	\$ 809,700	\$ 847,080	\$ 899,160	\$ 979,932	\$ 934,752		\$ 262,752	6.8%
Total Net Operating Levy	\$ 61,060	\$ (50,793)	\$ (486)	\$ 10,500	\$ (9,421)	\$ 0			

- As shown above, there have been increases in the sewer cost of service which is primarily driven by a planned contribution to the capital program.
- Planned rate increases in 2020 were reduced as a result of COVID-19 to help provide financial assistance to customers.

Challenges/Risks

- The municipality has approximately 475 km and the ability to fund through only 2,350 services.
- As shown in the Financial Condition Assessment Report, there are limited reserves available to fund capital.
- Enhanced communication and education around water & sewer is needed.
- The water and wastewater system, due to its size and complexity spread over so few is not sustainable. Over the next 20-30 years, the initial replacement costs of the system are estimated to be in excess of \$100 million. Funding for replacement will require **provincial and/or federal funding** as it would be unaffordable to fund from rates.
- In order to service new growth will require significant expenditures. The DC rate is discounted and new growth will place the Lagoons over capacity and will require large capital costs to existing ratepayers. The current lagoon system that has been in operation since 1980 is at capacity and with new development anticipated, the window to correct the dated infrastructure is closing. The operation of the current lagoon system does not meet any current standards provided by the MOECP and will become a persistent issue for the municipality.
- 50% percent water loss or non-revenue water places additional burden on ratepayers.
- 2.5 – 3 FTE employees to maintain and operate system is insufficient.
- The engineering/construction of a replacement water tower to sustain pressure, water storage and firefighting ability in Ailsa Craig (2nd largest urban centre) will be funded from ratepayers. This will put the municipality into a position where borrowing power for other services is limited for long periods of time (25 -30 years).

Opportunities

Opportunities for efficiencies and cost reductions

- Water loss via added infrastructure investment and replacement and hydro consumption at Ailsa Craig WWTP have both been identified in the short term as cost savings measures that will greatly help the water and sewer departments.
- Consider 100% DCs compared with the existing approach to discount DCs.