



2021/2022 BUDGET

Corporate Revenues

Introduction

Corporate Revenue includes all revenues not identified with specific programs.

These revenues are:

- Property Tax Revenue
- Provincial Grants
- Proceeds from Corporate Disposition of Assets
- Payments in lieu of taxes
- Penalty and interest on Taxes
- Investment income

Each year, the municipality has received an unconditional grant from the Province through the Ontario Municipal Partnership Fund (OMPF), which is intended to support the challenges faced by northern and rural municipalities across the province.

The municipality also received in 2019 an unconditional grant from the Province plus project specific funding in 2020 (referred to as 'Modernization Funding'), which is intended to help modernize service delivery and reduce future costs through investments in projects such as: service delivery reviews, development of shared services agreements, and implementation strategic (modernization) initiatives. The Township has transferred the proceeds received to a reserve, and will allocate these funds to various initiatives in 2020 - 2022 to modernize service delivery at the Township.

In 2020 and 2021, the Province provided the municipality with funding to assist with incremental costs and operating pressures as a result of the COVID-19 pandemic. These funds are intended to cover incremental operating costs, lost revenues, and costs required to re-start "normal" Township operations according to the Township's COVID-19 re-opening plan.

Taxation revenue (excluding tax levy) is comprised of the following:

- Supplementary taxes levied against new construction assessed after return of current year's assessment roll
- Tax cancellations due to request for reconsideration, ARB decisions or adjustments pursuant to S.357 of the Municipal Act
- Railway & Utility Corridor taxation assessed on a per acre rate established by the Province

Payments in lieu of taxes are received in relation to properties held by Federal, Provincial or Municipal governments and their agencies.

Penalties and Interest on Taxes are assessed on accounts that are overdue at a rate of 1.25% per month.

Investment income is earned on cash and reserve balances maintained by the Township. Funds are maintained in approved investment vehicles, which include high-interest savings accounts and Guaranteed Investment Certificates (GICs).

Environmental Scan:

- Given the impacts of the COVID-19 pandemic in 2020 and 2021, there is wide-spread pressure for municipalities to keep annual tax increases as low as possible
- The Province has indicated that the OMPF funding given to northern and rural municipalities may be reduced or eliminated in the future. In 2021, the municipality will continue to receive the full allotment - approximately \$1.3 Million as many municipalities struggle to operate during this pandemic. 2022 allotment has not been communicated
- A continued low interest rate environment could keep investment income returns lower than in prior years
- The continued impact of the COVID-19 pandemic could impact both residents and businesses financial stability

Significant challenges for 2021/2022:

- None

2021/2022 Budget Impacts:

- To prepare the Township for the potential reduction in OMPF grant funding, the Township has commenced a program to transfer a portion of the OMPF funding received to a future reserve, to help smooth out the impact as this funding is cut or eliminated
 - The Township is transferring 25% of OMPF funding to a reserve in 2021 and 50% of OMPF funding to a reserve in 2022
- Township targeted focus on property tax arrears likely to reduce penalties & interest on overdue taxes
- Provincial grant funding received for Modernization and COVID-19 / Safe Restart were transferred to Reserves in 2020 & 2021 to fund future expenditures, that will be specifically identified in other department lead sheets

Township of Oro-Medonte Operating Budget 2021//2022									
Coperate Revenues									
	A	B	C	D	E	VARIANCES Increase / (Decrease)			
	2020 Original Budget	2020 Adjusted (COVID-19) Budget	2020 Projection	2021 Budget	2022 Budget	2020 Projection vs 2020 Adjusted Budget (C - B)	2021 Budget vs 2020 Original Budget (D - A)	2022 Budget vs 2021 Budget (E - D)	Variance Explanation Number
Provincial Grant - OMPF	(1,305,000)	(1,305,000)	(1,305,000)	(1,314,700)	(1,300,000)	-	(9,700)	14,700	1
Provincial Grant - Modernization	-	-	(46,000)	-	-	(46,000)	-	-	2
Provincial Grant - COVID-19 / Safe Restart	-	-	(579,400)	(116,000)		(579,400)	(116,000)	116,000	3
Less: Transfer to Reserves	326,250	326,250	951,650	444,675	650,000	625,400	118,425	205,325	4
Grants Subtotal (Net)	(978,750)	(978,750)	(978,750)	(986,025)	(650,000)	-	(7,275)	336,025	
Penalties & Interest on Taxes	(620,000)	(600,000)	(595,000)	(500,000)	(550,000)	5,000	120,000	(50,000)	5
Investment Income	(300,000)	(175,000)	(302,295)	(300,000)	(325,000)	(127,295)	-	(25,000)	6
Tax Revenue (excluding tax levy)	(278,260)	(275,260)	(492,947)	(250,267)	(412,209)	(217,687)	27,993	(161,942)	7
Payments in Lieu of Taxes	(152,975)	(152,975)	(163,720)	(152,975)	(156,948)	(10,745)	(0)	(3,973)	8
Total Tax Levy Requirement	(2,329,985)	(2,181,985)	(2,532,711)	(2,189,267)	(2,094,157)	(350,726)	140,718	95,110	
<u>Variance Explanations:</u>									
	1	OMPF increased in 2021 vs 2020. Receipt of OMPF in 2022 not yet confirmed. Budget flat \$1.3M							
	2	Modernization funding from province for Planning and Development Services Review - in year grant							
	3	Province provided \$695k in funding to cover COVID-19 pressures. Reflects funding received to date							
	4	2021 vs 2020 - transfer additional 116k to reserve. 2022 transferring 50% of OMPF to reserve, where 2021 was only a 25% transfer							
	5	Budget down in 2021 reflecting renewed focus on collecting arrears balances in Q4 2020. Less arrears will result in lower penalties and interest							
	6	Adjusted budget 2020 too conservative for Interest earned on long term GICs with locked in interest rates. Additional cash transferred to Investement account in 2020 will earn higher returns than cash in the bank and should result in a similar income in 2021 and 2022.							
	7	Mainly supplementary tax revenue (supps). Large volume of supps in 2020 not likely to repeat in 2021. Estimate higher dollars for 2022							
	8	Small variance							