



2021/2022 BUDGET

Shared Costs

Introduction

Overview of department:

The Shared Services budget consists of costs related to the Administration Centre and administrative costs that are shared amongst all Departments operating out of the Administration Centre. Shared Services is also the cost center for the management liability claims against the municipality through a combination of liability insurance coverage and self-insurance. An annual transfer of \$100,000 is transferred to the Facility Maintenance Reserve (reflected in 'Facility Costs'). This reserve was established to assist in the financing of significant repairs to the municipality's facilities.

Environmental Scan:

- The Township signed an insurance renewal agreement with a new provider in 2018 providing for a 3 year rate guarantee
 - 2020 is the final year of this agreement where premiums were guaranteed not to increase more than 5% per year
 - The Township has been transferring approximately \$300,000 per year to insurance reserves since 2018 to offset any future increases in insurance premiums on the next market renewal
- With joint & several liability continuing to create exposures for municipalities, there is a general trend toward double digit insurance premium increases across the County on market renewals
- COVID-19 pandemic has resulted in incremental costs for 2020 and 2021. Although Provincial funding has been received, the Township will need to cover a portion of these incremental costs by topping up the Provincial funding received
- The Province has provided Modernization funding to Township in 2019. Recent service level review has confirmed that a major focus has to be digitally transforming the Township with modern tools and service offerings.
 - Additional Township funding of Strategic (modernization) initiatives is required to advance the required projects over 2021 and 2022
- Pending OMB hearings (delayed due to COVID-19) will require Township to incur sizable legal fees in the next few years. Additional provisions to legal reserves are required to smooth out the future costs and avoid a large tax increase

Significant challenges for 2021/2022:

- Insurance renewal in July 2021 is uncertain in an environment of escalating premiums
- OMB hearings where Township has little control of the costs of participating in such hearings
- Containing costs operating in a pandemic with an uncertain end date, and what the post-pandemic Township looks like

2021/2022 Budget Impacts:

- \$180,000 provision for COVID-19 costs (top up to \$695k received from Province in COVID-19 relief grants)
- \$695,000 provision for Strategic (Modernization) Initiatives to augment the \$721k received from the Province for Modernization
- \$250,000 provision for future legal costs for delayed OMB hearings
- Insurance increases budgeted at 5% per year in 2021 and 2022. Any increases above 5% can be offset from the Self Insurance Reserve established in 2018.

Township of Oro-Medonte									
Operating Budget 2021//2022									
Shared Costs	A	B	C	D	E	VARIANCES Increase / (Decrease)			Variance Explanation Number
	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)	
Administrative	89,178	71,478	63,406	71,653	71,653	(8,072)	(17,525)	-	1
Facility Costs	160,580	162,080	207,902	153,722	166,323	45,822	(6,858)	12,601	2
Legal Costs	90,000	90,000	114,797	70,000	70,000	24,797	(20,000)	-	3
Risk Management	740,880	740,880	754,134	777,924	816,820	13,254	37,044	38,896	4
COVID-19 Expenditures	-	-	181,186	161,000		181,186	161,000	(161,000)	5
Transfer to Facility Maintenance Reserve	100,000	100,000	100,000	100,000	100,000	-	-	-	6
Transfer to Legal Contingency Reserve			250,000			250,000	-	-	7
Transfer to COVID-19 Reserve	-	-	180,000	-	-	180,000	-	-	8
Transfer to Modernization Reserve			695,000			695,000	-	-	9
Less: Revenues Generated			(48)			(48)	-	-	10
Less: Transfer from COVID-19 Reserve			(181,186)	(161,000)		(181,186)	(161,000)	161,000	11
Total Tax Levy Requirement	1,180,638	1,164,438	2,365,191	1,173,299	1,224,796	1,200,753	(7,339)	51,497	

