

## **2018 Budget deliberations – Nov 10, 2017**

As we begin the 2018 budget season, the North Bay Taxpayers' Association would like to offer the Cole's Notes version of the fiction that passes for budget setting in North Bay.

**Fiction:** The tax levy is reduced by the amount of new growth.

**Fact:** The 2017 operating budget presented by the General Government committee suggested a tax levy of \$83 million. According to staff, the real growth figure of approximately \$600,000 reduced that tax levy from \$83 million to \$82.4 million which represented a 1.97% increase for the year. This 1.97% percentage was widely publicized at council meetings and reported by the press.

A few weeks later, members of the General Government committee recommended and council passed a 2017 Tax levy of \$83 million which is the amount of the tax levy before deducting the real growth figure. The report (CORP 2016 – 16) included a schedule which clearly showed the tax levy increase at 2.72% not 1.97%. New growth has no effect on the tax levy and the irrational and continuing suggestion that it does is incorrect and misleading.

**Fiction:** It is acceptable to change the amount of the previous year's tax levy when calculating the current year over year increase in the tax levy.

**Fact:** City senior financial staff reported that the 2015 tax levy was \$79,200,112 (CORP 2015 – 37). When calculating the 2016 over 2015 increase in the tax levy, they changed that figure to \$79,345,632. The higher figure represents the correct tax levy. The insertion of this higher figure in the equation incorrectly understates the year over year percentage increase in city expenditures.

**Fiction:** Using previous years' budget figures gives staff and council the best chance to predict next year's budget figures accurately.

**Fact:** In 2016, when the 2015 actual figures were presented to council it was determined that the tax levy had been over budgeted by \$670,162. This means that the 2016 budget represented a 2.83% increase over 2015 actual figures. Having real information available to make predictions about the future provides the most accurate results.

**Fiction:** It is acceptable to include the proceeds of borrowings in estimated revenues for the year.

**Fact:** The Municipal Act, 2001 (Act) mandates that municipalities shall not include the proceeds of borrowings in estimated revenues for the year. The City received \$19.5 million in borrowed funds from Hydro and using creative accounting methods

transferred them to a reserve fund. In 2016, \$444,857 was transferred from reserves and used to pay current operating expenses. This action is in violation of the Act. It is also an artificial reduction of the tax levy since taxpayers will now be making loans payments over the next 20 years.

**Summary:** It appears that city administration wants taxpayers to consider the process of setting budgets on par with rocket science. Each year taxpayers are reminded of the considerable efforts being put forth by staff and council members to whip these budgets into shape. We are reminded that these valiant efforts are evidenced by much overtime, numerous meetings, endless discussions and reduction of family time.

We are of the opinion that this development is the result of various councils and council members losing their focus between the ballot box and council chambers. The Act sets out the duties of council in a clear and concise manner. These duties include representing the public and considering the well-being and interests of the municipality while ensuring accountability and transparency of the activities of senior staff.

Abiding by these mandates rather than trying to be all things to all people would go a long way toward providing taxpayers with value for money.