

Our Spending Habits in HH (2)

In the last letter I covered some concerns on general government, policing, fire and transportation costs

Now let's look at the rest of the expense groups.

As mentioned in 2016, our environmental costs are going through the roof. For 2017 our audited costs rose 121%, over 560K in one year alone, and 33% above our budget. Now the budget forecast for 2018 is to see the costs moderate somewhat, but still finish above 2017.

And much has been written about the new provincial regulations which will undoubtedly make waste management including recycling much more onerous and costly (composting is coming), particularly for the municipality with the most dumps in all of Ontario. So for 2019 we need to see a long term plan early in the year which anticipates the regulatory changes and deals with the need to stem the rapid cost increases. While some folks still are focused on the return of curbside pick up, it will only happen, in my view, if we install a user pay system as most of our cottage country neighbours have done. We continue to get reassurances about producer pay being enforced by the Ford government. But our costs don't show it so don't count on it until we start to see cost reductions.

Our Recreation/Culture spending was up 3% for 2017 and hasn't changed appreciably over time. We need to be sure we reflect in this category a plan which dovetails with where our growth will be coming from in the future; tourism and as a retirement community. We have moved on from endless planning to some action in 2018 with resources allocated. And we have funding for a long term strategy on rationalizing our community facilities with our future economic growth plan. But regular readers will know I feel our spending here should be closer to 10% if we are serious about competing for tourism and retirement community living with other municipalities (like neighbours Highlands East or Madawaska Valley who spend about 15%).

Finally Planning is a small expense category that includes zoning and economic development. Hastings County has a new Official Plan as does the Province, what they call the Provincial Policy Statement. HH hasn't done a thorough review of its zoning by-laws since they were put together as part of the amalgamation of the 5 townships in 2000. If we are serious about putting in place a broad development policy for the lakes based economy we are, it's long past time for that work to be started.

And on the financial side we have reserves, accruals, amortization and debt charges which mean that our cash spending is often quite different from our audited statements. This makes it tough for folks to really understand, and hard to make historical comparisons, but these items are important and accounting changes will occur

To sum up on expense planning.....we need to constrain our general government, and fire/police costs as we can anticipate much more pressure on our roads, environmental .We need to step up our tourism and economic development investment. A tall order for our new Council

And four other financial accounts you should be following:

- **Long Term Debt** continues to decline, in part thanks to the use of reserves for capital purchases. Our high spot was 2010 at \$3.4MM. We are now down to \$2.4MM at year end 2017. Prior to 2010 we had virtually no debt. No new debt was planned for 2018. But we need to be sure any new debt in 2019 is justified.
- Our **Reserves** were originally planned to come in at \$5.2MM at year end 2017. This fell to \$4.5 MM, through transfers to cover capital and operating spending and this put our reserves slightly below our 2016 year end number. And we are anticipating a further reduction for 2018 of 5%. Now remember that our expenses get funded in one four ways: taxation, non-tax revenue, debt or reserves. The last two should be used for major capital purchases not ongoing operating costs.
- Our **Arrears** or unpaid taxes were \$1.7 MM at year end 2017. We have made major recoveries of unpaid taxes in 2018, and we expect that finally at year end 2018 we should be within the provincial government standards for this account. It's been a long time coming.
- Total **Salary costs** for 2017 came in 4.4% higher than 2017, just shy of \$3MM, on top of a 9.1% increase in 2016. But overall our 31% of spending for salaries is in line with rural municipalities similar to us in size and service profile. I would expect us to see this cost moderate for 2018.

It's boring stuff, but it is how your council is spending your tax dollars and therefore worthy of your attention. An educated HH constituent is my goal, so if you have concerns talk to your council.

Bill Cheshire Baptiste Lake