

CITY OF THOROLD

BUDGET MEETING SCHEDULE

Tentative Dates: Clerk will be polling for Council Quorum

Tuesday, January 31, 2023

Wednesday, February 8, 2023

Wednesday, February 15, 2023

Time: 6:30 – 8:30 pm



Subject: Budget 2023

Report to: Thorold City Council

Recommendations

- 1) That the proposed estimates on the attached Departmental schedule entitled "Operating Budget Summary 2023 be approved.
- 2) That the attached 2023 Departmental Capital Budgets be approved.
- 3) That the 10 year forecasts be received for information purposes.
- 4) That the Reserve and Reserve Fund schedules be approved.
- 5) That any general surplus/deficit resulting in 2023 be allocated in equal shares to the Municipal Land and Building Reserve; the Municipal Development Reserve; the Capital Asset Reserve and the Capital Asset Transportation Reserve funds.
- 6) That 75% of any surplus to a maximum of \$50,000.00 in the 2023 Winter Control Operating Budget be allocated to the Winter Control Stabilization Reserve, provided that this allocation does not create or magnify a deficit at year-end for 2023.
- 7) That Council approve and adopt report DF02-2023 to meet the requirements of Ontario Regulation 284/09 with respect to expenses that have been excluded from the 2023 budget, assuming no further changes to Capital provisions.
- 8) That all other aspects of Report DF02-2023 be approved.
- 9) That the Director of Finance be authorized to finalize the 2023 City Budget Estimates, with the appropriate Rating By-law presented to Council.

Key Facts

- Draft Operating and Capital Budgets
- Net Levy Change – Reduction of 0.51%

- Estimated impact on City General portion of bill to average residential home valued at 269,500 is \$8 decrease
- Responsibility for Transit transferred to Region effective January 1, 2023

Analysis

The Budget package contains the following attachments:

- a. Executive Summary
- b. Operating Budget & Impacts
- c. Deferrals, Reductions & Revenue Enhancements
- d. Capital Schedules
 - i. Capital Asset Renewal Schedule
 - ii. Capital Budget 2023
 - iii. Financing Proposals for Unfunded Capital
 - iv. Ten Year Forecast
- e. General Equipment
 - i. General Equipment Replacement Contribution
 - ii. Ten Year Forecast
- f. Reserves
- g. Other Budgets – Library & BIA (TBD)

O. Reg 284/09

In 2009 the Province of Ontario passed, as part of the Municipal Act, Ontario Regulation 284/09. The new regulation, in force as of January 1, 2009, gives municipalities the option of excluding amortization expense, post-employment benefit expenses and solid waste landfill closure and post-closure costs from budgets. However, in place of the exclusion a report must be prepared for Council about the excluded expenses and adopted prior to the adoption of the budget for the year.

The changes to accounting standards move the preparation of the City's Financial Statements to an accrual basis, while budgets continue to be prepared on a cash basis for these expenses. Therefore, the surplus on the Financial Statements will differ from the surplus for budgeting purposes. The differences surround capital items, debt repayment, post-employment benefits and solid waste landfill closure and post-closure expenses, and contaminated lands expenses.

In accordance with the regulation, this report is required to contain at least the following:

1. An estimate of the change in accumulated surplus of the municipality to the end of the year resulting from the exclusion of these expenses.
2. An analysis of the estimated impact of the exclusion of any of the expenses on future tangible capital asset funding requirements of the municipality

The City's Actual Accumulated Surplus for the year ended December 31, 2021 consisted of the following:

Investment in Tangible Capital Assets		\$ 135,194,315
Reserves & Reserve Funds	51,041,111	
Deficit (mainly unfunded Capital)	(4,483,692)	
Net Position		46,557,419

Unfunded Liabilities to be recovered from

Future Revenues:

Landfill Costs	\$(5,914,545)	
Employee Post-Employment Benefits	\$(2,071,532)	
Contaminated Sites	\$(114,700)	
Debt	<u>\$(697,526)</u>	(8,798,303)

ACCUMULATED SURPLUS Dec 31, 2021	\$ 172,953,431
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The 2023 budgets, as presented to Council, exclude the following, which will be reflected on the Financial Statements:

	General Budget
Add To Surplus:	
Acquisition of Assets	\$7,078,500
Debt Repayment Principal Portion	\$ 135,200
Transfer To/From Reserves and Reserve Funds	\$104,400
Deduct from Surplus:	
Estimated Amortization Expense	(\$3,803,300)
Estimated change Post-Employment Benefits	\$(105,000)
Estimated Change Landfill Liability/Contaminated Sites	\$0
TOTAL Net Increase Accumulated Surplus	\$3,409,800

There is no financial impact to the budget, from the exclusion of Amortization and Post Employment Benefit expenses. This reflects simply an accounting of the differences between the two reporting methods: budget preparation versus the Financial Statement preparation. The City is more than covering the amortization (depreciation) costs, of tangible capital assets and contributing towards the life cycle replacement of such assets on a phased in basis.

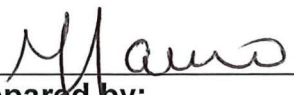
SUMMARY

The draft budget reflects a 0.51% net levy decrease. It should be noted that Transit was transferred to the Region effective January 1, 2023, representing 3.75% of the net levy decrease.

This equates to an estimated reduction on the City portion of the bill for the average residential home valued at \$269,500 of \$8.

It should be noted that there is an extensive list of deferrals/reserve support to meet the target. We believe there will be an ensuing inability to equally service growth, if this continues to be ignored. An Organizational Review/Lean Process is included in Budget 2023 to determine appropriate staffing levels, and look for efficiencies.

The balance of the tax bill comprises the Urban Service Area Levy, the Region General and Waste Charges and Education charges. At the time of writing of this report, this information has not yet been made available.



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Finance



Approved and Submitted by:
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Chief Administrative Officer