



Special Council Meeting

To:	Mayor and Council
Date:	February 2, 2023
From:	Kimberley Pope, Finance Department
Report Number:	Finance 2023-01
Subject:	2nd Draft 2023 Budget Presentation

Recommendations:

1. That Council receives the 2nd Draft 2023 Budget Presentation for discussion and approves a 5.1% Municipal Residential Tax Rate increase to fund the Operating & Capital budgets for the final budget report and final budget approval on February 21, 2023; and
2. That Council receives the 2nd Draft 2022 Budget Presentation for discussion and provides direction on the further budget reductions to approve a Municipal Residential Tax Rate to fund the Operating & Capital budgets for the final budget report and final budget approval on February 21, 2023; and
3. That Council pre-approves the Protective Services (Fire) SCBA Units, with upset limits as identified in the 2023 Capital Budget, to proceed with a tender to replace SCBA units (pending expiry in 2024) and to gain optimum price while providing ample time for extended delivery timelines and lead time constraints.

Overview:

The 2nd draft budget presentation will require a consolidated 5.1% municipal tax levy increase to fund the proposed 2023 Operating & Capital budgets as presented in this draft. Staff are requesting that Council approve the 5.1% increase, as presented, or provide direction on the further budget reductions to determine the percentage (%) of a Municipal Residential Tax Rate to fund the Operating & Capital budgets for the final budget report and final budget approval on February 21, 2023.

The two public budget presentations on February 2, 2023 are to provide further discussion and direction of Council and opportunity for the public to comment virtually during the Special Budget meeting at 6:00 pm.

The 2nd draft budget presentation has an overall decrease of approximately \$365,000, subsequent to the 1st draft budget presentation of the 9.4% increase (Dec. 8, 2022), amended to a 5.1% total municipal tax levy increase as summarized below;

- \$25,000 Capital reduction; Corporate Strategic Plan Updates (CAO) to be funded over two years; with pre-approval for the 2024 Capital Budget at \$50,000 with \$25,000 funded through 2023 tax levy and the remaining \$25,000 funded in 2024 tax levy. (R-2022-419)
- \$50,000 Capital reduction; MVT Bridge Boardwalk Repairs to be removed from the 2023 budget and deferred to future year budget discussions. (R-2022-420)
- \$96,912 Capital reduction; Cross Road Culverts, with an adjusted total of \$96,912 after reserve transfers, to be removed from the 2023 budget and deferred to future year budget discussions. (R-2022-421)
- \$111,101 Capital reduction after reserve transfer and grant funding; removal of the CMCC Splash Pad/Water Features & Fitness Equipment from the 2023 budget. The Parks and Recreation Master Plan (PRMP) is expected to be finalized by the fall of 2023 (Second Phase) and to be presented to Council. Phase three is the design and is scheduled for 2024. These timelines do not align with the Ontario Trillium Fund (OTF) grant starting date of no later than May 31, 2023. OTF has confirmed no flexibility on this timeline. Therefore, to await the delivery of the Parks and Recreation Master Plan prior to proceeding with approval of recreational capital projects will require the municipality to withdraw the grant application and approval, with regret.
- \$60,000 addition to Parks & Facilities Capital Transfer to Reserves for Splash Pad (\$50K) and Maple Leaf Playground Equipment (\$10K).
- \$89,000 Operating carryforward from the 2022 Budget for three contract positions budgeted which remain vacant; Recreation Program Assistants (2) and a Records Retention Assistant (1).
- \$51,450 Operating estimate of consolidated debenture, Fire Hall No. 1, to commence in the last quarter (third quarter estimated in first draft)
- Various Operating budget revisions including; amended fuel, conservation levies and corporate insurance confirmed and a review of actuals to budget.

The budget committee is comprised of the Mayor, Chief Administrative Officer and the Director of Finance. Management and senior staff submitted preliminary budget estimates that would have resulted in an 11.36% tax rate increases which was reduced by the budget committee to a 9.4% tax rate increase (1st draft) for information and discussion. Management and staff have further reduced the draft budget to a 5.1% tax rate increase (2nd draft) for approval or direction of Council.

2023 Pre-Approval Request

Protective Services (Fire) SCBA Units

The Fire Department will be participating in a joint tender with Otonabee South Monaghan Township for the replacement of self-contained breathing apparatus (SCBA). The 2023 Capital Budget includes SCBA's for a total cost of \$398,000 as funded; \$186,500 Emergency Equipment Reserves + \$105,750 Asset Replacement Reserve + \$105,750 funded through the 2023 property tax levy. The Fire Department is requesting pre-approval to proceed with a tender, prior to final budget approval, to replace SCBA

units (pending expiry in 2024) and to gain optimum price while providing ample time for extended delivery timelines and lead-time constraints

The following are tax rate percentage alternatives (2.5% - 4.5%), provided as examples, and the associated reductions required to balance the budget, for Council's review and consideration;

<u>Tax Increase</u>	<u>Tax Levy Revenue</u>	<u>Budget Cuts Needed</u>
0%	\$10,692,127	-\$546,000
1.0%	\$10,799,027	-\$439,000
2.0%	\$10,905,927	-\$332,000
2.5%	\$10,959,377	-\$278,000
3.0%	\$11,012,827	-\$225,000
3.5%	\$11,066,277	-\$172,000
4.0%	\$11,119,727	-\$118,000
4.5%	\$11,173,177	-\$65,000

Approximately every 1% municipal residential tax rate increase equals an additional \$106,900 in revenue towards the Operating & Capital budgets.

The year-to-date actuals within the second draft provide expenditures up to and including November 30, 2022 as submitted to the municipality. These year-to-date actuals are updated with each subsequent budget report to include expenditures up to and including December 31, 2022 on the final budget report.

Tax Levy Comparison

The tax rate and assessment comparisons provide a summary of the tax rate changes over the past four years. The table below is a history of the MPAC Municipal Assessment (weighted) for the Township of Cavan Monaghan and the corresponding final tax rates per year.

	<u>Tax Rate and Assessment Comparison</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Draft</u>
Amount to be raised by Taxes	\$8,369,845	\$9,566,884	\$9,806,049	\$10,488,045	
Weighted Assessment	\$1,272,470,506	\$1,409,981,617	\$1,431,048,372	\$1,488,177,140	\$1,517,338,016
Increase in CVA year over year	8.1%	10.8%	1.5%	4.0%	2.0%
Taxes per 100,000 Residential	\$657.76	\$678.51	\$685.24	\$704.76	TBD
Increase in Tax Levy %	2.5%	3.2%	1.0%	2.85%	

The growth in the municipal roll current values estimate that for every 1% municipal tax increase in the 2023 budget will result in \$106,900 of municipal tax revenues.

An estimated 1% municipal tax levy increase equals a property tax increase of;

- \$6.95 per \$100,000 current value assessment, based on the current MPAC Assessment Roll Total (2016 phased-in values),
- \$27.80 per \$400,000 current value assessment, based on the median MPAC Assessment Roll Total (2016 phased-in values).

MPAC Provincial Property Assessment Update

As part of the Ontario Government's Ontario Economic Outlook and Fiscal Review on November 4, 2022 the Minister of Finance and President of the Treasury Board announced the Province's decision to postpone a province-wide property assessment update for 2023 due to the pandemic. The province has postponed the update for 2021, 2022 and 2023 property tax years.

The MPAC median current value assessment (CVA) in Cavan Monaghan is estimated at \$400,000 based on the 2016 phased-in values. MPAC assessments do not necessarily reflect what realtors would determine is the market value of your property when you list it for sale. MPAC assessments in many cases are a behind the actual current market, partly because they are only completed every four years.

MPAC property assessments for the 2023 property tax year will continue to be based on January 1, 2016 fully phased-in values.

Example:

A property valued at \$228,000 on January 1, 2016 will continue to be valued at \$228,000 for the 2023 property tax year.

This same property with a previous valuation of \$162,000 (2012) experienced a valuation increase of \$66,000 over the four year phase in cycle from 2017-2020. The difference between the 2012 value and 2016 value is divided by four to determine the phase in value for each tax year.

- $\$228,000 - \$162,000 = \$66,000$
- $\$66,000 / 4 \text{ years} = \$16,500$



The 2023 MPAC estimated roll total has increased by approximately 2% as result of the new development and/or growth within the township in 2022, which is expected to generate \$209,650 in additional municipal tax revenues for 2023.

Financial Impact:

Operating

The Operating budget presented contains a consolidated department net increase of 9.1% which includes increased pressure on expenditures, maintaining efficiencies and improving online access/delivery of services as set by Council, policy, by-law, and provincial legislation requirements. The summary below indicates each department's efforts to maintain operations, managing inflation and adjusting to the pressures on delivery of products and services.

Operating Budget	2022	2023	Variance	
	Final Budget	2nd Draft		
Planning & ECD	\$582,740	\$634,975	\$52,235	9.0%
Building (funded through Building Reserve)	\$399,695	\$407,950	\$8,255	2.1%
By-law Enforcement	\$13,931	\$56,310	\$42,379	304.2%
Protective Services (Operating)	\$858,216	\$950,230	\$92,014	10.7%
Protective Services (Vehicles)	\$49,750	\$65,500	\$15,750	31.7%
Public Works (Operating)	\$1,761,843	\$1,903,770	\$141,927	8.1%
Public Works (Vehicles)	\$300,950	\$315,395	\$14,445	4.8%
Public Works (Solar)	\$877	\$21,257	\$20,380	2324.2%
Public Works (Environmental)	\$397,785	\$496,130	\$98,345	24.7%
Parks & Facilities (Operating)	\$1,226,062	\$1,157,360	-\$68,702	-5.6%
Parks & Facilities (Vehicles)	\$20,650	\$32,340	\$11,690	56.6%
Office of the CAO	\$244,749	\$251,820	\$7,071	2.9%
Office of the Clerk	\$243,059	\$268,610	\$25,551	10.5%
Finance & Information Technology	\$298,942	\$307,875	\$8,933	3.0%
Protective Services (Fire Hall Capital Loan, Q4)		\$50,825	\$50,825	
Public Works (Operation Center & Yard Capital Loans, Q3-4)		\$36,100	\$36,100	
PW and Parks & Facilities (Millbrook Yard Capital Loan, Q1-4)		\$24,640	\$24,640	
Consolidated Department Net Changes	\$6,399,249	\$6,981,087	\$581,838	9.1%
Council	\$187,760	\$231,090	\$43,330	23.1%
Library Board Operating Levy	\$280,953	\$328,023	\$47,070	16.8%
Library Allocated Expenses	\$16,530	\$18,550	\$2,020	12.2%
Library Board Capital Levy	\$0	\$56,559	\$56,559	
Ganaraska, Kawartha & Otonabee Conservation	\$107,312	\$112,499	\$5,187	4.8%
Committees of Council	\$10,174	\$14,400	\$4,226	41.5%
Police Contract & Services	\$1,402,130	\$1,448,146	\$46,016	3.3%
Consolidated Other Services/Levy Changes	\$2,004,859	\$2,209,267	\$204,408	10.2%
Total Department & Other Services/Levy	\$8,404,108	\$9,190,354	\$786,246	9.4%
Water & Wastewater Expenses	\$1,643,565	\$1,697,264	\$53,699	3.3%
Consolidated Other Services/Levy Changes	\$10,047,673	\$10,887,618	\$839,945	8.4%

The Canadian Union of Public Employees Local 1306.2/1306.8 collective agreements renewed in 2022 on By-law No. 2022-48 (Parks) and 2022-34 (Public Works) with a 5.25% wage increase over a three year term (2022-2024).

The Consumer Price Index rose 7% in the 12 months to August; on the September 2022 notice from Statistics Canada and the municipal wage grid indexed as per Personnel Policy By-law 2020-12, Section 12.1.4.

The Construction Price Index rose 15.6% in the year over year (Q3 2021 to Q3 2022), and the 2023 Development Charges indexed as per By-law 2019-18, Section 5.1.

On November 7, 2022 Council received the annual User Fees & Charges By-law, Finance Report 2022-17, to ensure municipal revenues for services reduce the impact of the cost of services on the municipal property tax rate.

Departmental Summary

A summary of changes within the 2023 Draft Operating Budget Proposal are provided during the budget committee meetings with department management staff, as indicated below. The following percentage allocations have been applied across all departments;

- 2023 source deduction and benefit rates (OMERS, EI, CPP, EHT, WSIB, Manulife, etc.) have been adjusted
- 30% increase Corporate Insurance allocations (based on preliminary estimates)
- 9% OMERS eligibility for part-time staff upon hire, effective January 1 2023
- 7% CPI wage grid indexing applied as per By-law 2020-12, Section 12.1.4.
- 3% increase to Hydro, Gas & Fuel expenses
- 2% increase to Voip/Landline phone services
- 2% increase to internal "allocation" expense lines across departments
- Debenture estimates included for three Capital Projects; Parks and Public Works Millbrook Depot, Cavan Public Works Operation Center and the Fire Station No.1 with Ambulance.

The **Planning & Economic Development Department** has an increase of 9.0% (+\$52,235) which is primarily attributed to the following:

- Economic Development Events and Advertising
- Vacant Planner position and contracted professional services to assist during the transition

The **Building Department** budget is funded through building permit revenues and therefore does not affect the municipal tax rate. The Building Department has an increase of 2.1% (+\$8,255) which is primarily attributed to grid indexing for wages & benefits.

The **By-law Department** has an increase of 304.2% (+\$42,379) which is primarily attributed to a part-time by-law officer position in collaboration with municipal partnership in cost sharing within the County of Peterborough. The budget request is proposed for the gradual phasing in of by-law enforcement with increased population of more than 10,000 people and the new subdivision to be assumed by the Township as well the issues that will increase by-law enforcement (i.e., parking, neighbor complaints).which will also assume more complex matter related to animal control services.

The **Protective Services (Fire) Department** has a consolidated increase of 11.9% (+\$107,764) which is attributed to the following;

- Deputy Fire Chief appointed as approved in the Master Fire Plan Report 2020 with funding approval in the 2022 Budget for Q3 and full year budget for 2023,
- Fire Call volumes increased over 11% in 2021 with an estimated 6% increase forecasted in 2022.

The **Public Works Department** has a consolidated increase of 8.6% (+\$176,752) which is primarily attributed to the following;

- Expansion of Public Works Roads staff to nine routes (from eight) and associated operating costs for subdivision assumed roads,
- Increased costs of materials (cold mix, gravel, calcium chloride) and services.

The **Parks & Facilities Department** has a decrease of -4.6% (-\$57,012) which is primarily attributed to the following;

- Increase in estimated rental revenues due to reopening of the CMCC and loosening of pandemic restrictions
- Increase in advertising revenue and contracted services

The **Office of the CAO** has an increase of 2.9% (+\$7,071) which is primarily attributed to grid indexing for wages & benefits.

The **Office of the Clerk** has a increase of 10.5% (\$25,551) which is primarily attributed to grid indexing for wages & benefits.

The **Finance Department & Information Technology** has an increase of 3.0% (\$8,933) which is primarily attributed to the following;

- Increased cost of software licensing and support with minimal IT reserves
- Reduced grant utilized to offset contract position for implementation of financial software and integration between departments,

The **Council** budget has an increase of 23.1% (+\$43,330) which is primarily attributed to grid indexing, benefit premium adjustments, council training and the available \$2.2K rollover, per Council member, to ensure all members have the opportunity to attend a hybrid (online/in person) all four (4) municipal conferences as per the maximums established in the Council Remuneration By-law No. 2022-30.

The **Conservation and Authorities** budget have a consolidated increase of 4.8% (\$5,187) as the 2023 levy requests have been received.

The **Committees of Council** budget has an increase of 41.5% (+\$4,226) overall which is primarily attributed to MRHAC and the shared Heritage Co-ordinator contract position.

The **Police Contract & Services** budget has an estimated increase of 3.3% (\$46,016) which is primarily attributed to the increase in Police Contract and estimated Insurance Premiums.

Environmental Tax Rate

The 2023 Environmental Budget indicates a total levy increase of \$98,345 for the operational costs within each ward, waste programs, landfill monitoring and transfer station expenses without additional grant funding available to offset the kitchen waste collection program. In addition, the waste collection contract was tendered in 2022 however due to substantial increased costs staff recommended, PW 2022-18, to extend the present contract with 2337700 Ontario Ltd, operating as Wither's Waste Management. The PW 2022-22 proposed Waste Management changes are reflected in the calculations. This budget equals an environmental tax rate increase of \$4.93 per \$100,000 of current value assessment, based on the estimated MPAC Assessment Roll

Total. Therefore, on a \$400,000 assessed residential property the total environmental tax rate increase would be \$19.72.

Water and Wastewater

The Water and Wastewater Operating Budget is presented utilizing the Water & Wastewater Financial Plan, Rate Study and User Fees and Charges By-law 2020-66 and the 2022 Watson & Associates Rate Study Analysis including the approved User Fees and Charges By-law 2022-67. Any funds remaining at the end of the year are transferred into the Water & Wastewater Reserve for future years of Capital and/or Operations. The water service is user paid and therefore does not affect the municipal tax rate.

Capital

The 2023 Capital Budget presented contains an estimated \$8,981,345 total Capital Expenditures including the 2022 capital roll overs. Council's may review and provide direction, in alignment with priorities identified within the Corporate Strategic Plan, to match the proposed municipal tax levy increase. Approximately every 1% residential tax rate increase will equal \$106,900 in municipal tax revenues.

A summary of the 2023 draft Capital Budget is provided below;

Total Capital Requests	\$ 8,981,345
Less: 2022 Capital Roll Over	\$ (2,278,737)
Less: Future Year pre-approvals	\$ (187,190)
Total 2023 Capital Expenditures	\$ 6,515,418
Reserve/Other Funding to Offset Capital	\$ (2,621,879)
Net 2023 Capital Expenditures	\$ 3,893,539
<i>Net 2022 Capital Expenditures</i>	<i>\$ 3,599,737</i>

Funding Sources:

Asset Replacement Reserve funded through the Municipal Tax Levy	\$ 2,608,047
Capital Requests funded through the Municipal Tax Levy @ 5.1% increase	\$ 1,285,492
Total Capital Funded through Municipal Tax Levy	\$ 3,893,539

Capital Infrastructure Projects

On July 5, 2021 Council directed staff to proceed with the tendering process for the three buildings listed below. The Township engaged Greenview Environmental Management to provide detailed design and tender documents for all three projects. Debenture payments have been estimated in the 2023 Operating Budget.

Parks and Public Works Millbrook Depot (PW 2022-01)

The total budget for the project is \$872,104

The existing municipal building, located at 70 King St. West has been a works depot for the village of Millbrook for many years. It houses both parks & recreation and public works during year-round operations. The tender for building re-construction was awarded to Mortlock Construction Inc. at the January 17, 2022 Council Meeting.

Estimated annual debentures of \$24,640 Township (0.23% Tax Levy increase) + \$31,360 DC debenture.

Cavan Public Works Operation Center (PW 2022-12)

Total Budget for the project is \$3,018,914

The existing public works operations centre, located at 1470 County 10, has been a works depot for the Township for many years. The tender for the building construction was awarded to Mortlock Construction at the May 19, 2022 Council Meeting. The building construction includes new site servicing to the building with a septic system and well, new wood frame building structure, steel cladding, new roofing, electrical, plumbing and HVAC. Estimated annual debentures of \$72,200 Township (0.69% Tax Levy increase) + \$87,300 DC debenture.

Fire and Ambulance Station (Fire 2022-02)

Total Budget for the project is \$7,979,510

On June 21, 2021, Council approved 988 County Road 10 as the site for the replacement of the Fire Hall and Ambulance Station. The tender to build the new Fire Hall and Ambulance Station was awarded to Gay Company Limited at the August 2, 2022 Council Meeting.

Estimated annual debentures of \$203,300 Township (1.93% Tax Levy increase) + \$205,800 DC debenture.

2023 Pre-Approvals

Motion R-2022-418 (Dec. 8, 2022)

1. Replacement for 2010 JD Grader #31-10 and New International Tandem Truck & New Trackless MT-7

Council pre-approved the Public Works purchase of one (1) replacement vehicle for the 2010 JD Grader #31-10 and two (2) new vehicles; International Tandem Truck and New Trackless MT-7, with upset limits as identified in the 2023 Capital Budget, due to limited stock availability, extended delivery timelines and to gain the optimum purchase price for the municipality in an early tender releases.

2. Main Street Watermain & Roadworks

Council pre-approved the Public Works Main Street Watermain and Roadworks, with upset limits as identified in the 2023 Capital Budget, due to the pandemic, limited stock and extended delivery timelines, with early tenders to gain an optimum price.

2020 Grant Applications approved (rollover into 2023)

Investing in Canada Infrastructure Program (ICIP) Community Culture and Recreation Stream Grant Applications (2)

Funding Program; 26.67% Municipal + 33.33% Provincial + 40% Federal.

Parks & Facilities Report 2019-15 (grant approved March 2022)

1. \$966,000 Renovation of the Millbrook Arena to a multipurpose community hub
Total Municipal Contribution of \$244,750 commitment over term of project completion by 2026.

Council Motion R/04/11/19/13 (grant approved August 2022)

2. \$511,750 Rehabilitation of the historically designated Old Millbrook School
Total Municipal Contribution of \$129,660 commitment over term of project completion by 2026.

Investing in Canada Infrastructure Program (ICIP) Green Infrastructure Stream Grant Application, Intake 2

Funding Program; 26.67% Municipal + 33.33% Provincial + 40% Federal.

Public Works – W&WW (grant approved April 2022)

1. \$312,500 Rehabilitation of Main Street Watermains (pending approval)
Total Municipal Contribution of \$83,344 commitment over term of project completion by 2026.

Municipal Modernization Program (MMP) Grant Application

Building on Ontario's previous investment to modernize municipal service delivery, the province's 405 small and rural municipalities will have access to an additional \$125 million through 2022-23. As per Finance Report 2019-19 (1st application intake) \$25,000 Website & IT Modernization Plan was approved and the Website & IT Service Delivery and Modernization Review by Meyers Norris Penny (MNP) LLP, approved by Council on September 21, 2022, ECD Report 2022-06 RFP 2022-06, was completed.

The municipality applied for the 2nd application intake of the MMP Grant program in March 2023 which allowed municipalities to benefit from provincial funding to conduct third party reviews as well as to implement projects to increase efficiency and effectiveness and lower costs in the longer term that support the following priorities; digital modernization, service integration, streamlined development approvals and shared services/alternative delivery models

1. **\$117,000 IT Modernization Plan implementation** (2nd application intake, approved November 2021)
This \$80K application followed the recommendations from MNP (January 2023) to implement recommendations in the IT Modernization Plan which includes \$16,000 for IT Policy Handbook Development & Procurement, \$35,000 to Test & Validate Security Posture and \$25,000 for Service Modernization Review/Consulting Support with reimbursement of 75% of project costs up to maximum of \$117,000. This is a roll-over project into 2023.

Covid-19 Fiscal Impact Update

Finance Report 2022-18 provided an update on the financial impact to the municipality as of September 30, 2022. Since 2020 the municipality has experienced operating costs and pressures of \$593,410 due to the COVID-19 pandemic, as a result of waiving late payment penalties (April - October, 2020), loss of rental revenues and additional operating costs during the pandemic as itemized below;

\$154,191	Loss of Penalty & Interest on Property Taxes (2020)
\$ 23,047	Loss of Water and Wastewater Penalty Fees (2020)
\$144,944	Loss of Parks & Facilities Rental Revenue Losses (2020)
\$ 78,068	Loss of Parks & Facilities Rental Revenue Losses (2021)
\$400,250	Total Revenue Losses
+	
\$139,922	Operating Costs (2020)
\$ 37,215	Operating Costs (2021)
\$ 16,023	Operating Costs (as of Q3 2022)
\$193,160	Total Operating Costs (Emergency Fund "77")

The municipality received a total of \$325,430 in funding to support Covid-19 related costs released through two programs; Safe Restart Allocation (SRA) Phase 1 (\$217,100) & Phase 2 (\$43,000) and the 2021 Provincial Covid-19 Recovery Funding for Municipalities (\$65,330). Funding has been applied to the revenue losses and operating costs as identified.

May 21st Storm Fiscal Impact Update:

The municipality also tracked the extraordinary costs due to the severe thunderstorm/high winds event that occurred on Saturday May 21 which resulted in the widespread power outage, broken poles and downed lines/damaged equipment across Ontario and within our community.

The actual expenditures incurred as a result of the storm totaled \$100,350 between May 21 – December 31, 2022 and were allocated to the Emergency Fund "77".

The Municipal Disaster Recovery Assistance (MDRA) program provided a reimbursement to municipalities at 75% for expenses up to the first three per cent, and 95% for expenses exceeding the first three per cent of the municipality's own purpose taxation levy.

However as the three percent threshold calculation for the Township of Cavan Monaghan is \$325,149 (3% of 2022 Municipal General + Environmental Levy) and the expenditures did not exceed the threshold therefore the municipality was ineligible to submit an application for fund recovery.

Stabilized Taxation and Asset Replacement

The recommendations in the Potential Impact of Loss of OLG Funding Report (2012) and the Modified Service Delivery Review (2013) were implemented through historical budgets to bring Cavan Monaghan tax levels up to comparator municipalities and eliminated the use of OLG revenues to subsidize the municipal tax rate.

The recommendations were divided into three phases to enable the municipality to remove dependency on OLG revenues;

- Phase 1: Removal of OLG Revenues from the Operating Budget, completed in 2013, eliminating \$1.4 million OLG dependency from the annual budget (as per 2011)
- Phase 2: Removal of OLG Revenues from Capital Budget, completed in 2015, maintaining a minimum \$1.1 million contribution through the municipal levy
- Phase 3: Removal of OLG Revenues as the primary source of Revenues for investment to the Asset Replacement Reserve (ARR). Since 2016 the municipality has transferred greater than 80% of the annual audited depreciation to the ARR. Including all transfers to date (2012-2022) the municipality has transferred a cumulative total of \$18M which represents 83% of the annual audited depreciation values since 2012. In 2023, 100% of the \$2.6M of audited depreciation is recommended for transfer into the Asset Replacement Reserve.

It is essential that the municipality continues towards independent financial sustainability and a priority to invest in Asset Replacement Reserve for future replacement of municipal infrastructure.

Reserve and Reserve Funds

The estimated 2022 Year End Reserve and Reserve Fund balances will be provided in the final budget report including the year end roll-overs. Attached is the 2021 Reserves & Development Charges Reserve Funds Report as audited by Baker Tilly KDN LLP and presented to Council on July 4, 2022, Finance Report 2022-12.

Attachments:

- No. 1 2nd Draft - 2023 Tax Rate calculation (estimated)
- No. 2 2nd Draft - 2023 Environmental Tax Rate calculation (estimated)
- No. 3 2nd Draft - 2023 Budget Summary
- No. 4 2nd Draft - 2023 Operating Budget Summary Reports
- No. 5 2nd Draft - 2023 Library Budget Reports
- No. 6 2nd Draft - 2023 Capital Requests
- No. 7 2021 Reserves & Development Charges Reserve Funds
- No. 8 W&WW - 2nd Draft – 2023 Operating Budget Summary Report
- No. 9 W&WW - 2nd Draft – 2023 Capital Requests

Respectfully Submitted by,

Reviewed by,

Kimberley Pope
Director of Finance/Treasurer

Yvette Hurley
Chief Administrative Officer