



Date: Wednesday, November 15, 2023

From: Samantha Buchanan, Treasurer

Subject: 2024 Base Budget

Report COR2023-048

This document and its attachments are public and available in an accessible format upon request.

Recommendation

That report COR2023-048 and the 2024 Base Budget as included as Appendix A, be received for information.

Background

On July 19, 2023 staff presented Committee of the Whole with staff report [COR-2023-29 titled 2024 Proposed Budget Guideline and Schedule](#). Explaining that, in essence, the 2024 Base Budget will take the approved 2023 budget and levels of services/activities and assume no changes for 2024. It is to reflect an estimated increase for staffing costs and will capture the budget impacts of any decisions of Council that have already been made, as well as capture decisions made in previous budgets that impact the 2024 budget. The 2024 base budget also includes an amount for Taxes Levied for Reserve (Capital) purposes which is to be placed directly into reserves.

The report also outlines the guidelines which have been used by staff while preparing the 2024 Base Budget. As a reminder the 2024 Base Budget does not include the costs associated with any capital projects, these will be presented for Councils consideration at the December 4, 2023, Special Council Meeting.

Analysis

There are three major components of a municipal budget: operating, capital and reserves.

- Operating budget funds the day to day activities of the municipality and is funded by the tax base primarily, although some grants and funds are available to support this work as well.



- The Capital budget funds one off expenditures, replacement and renewal of capital assets and tangible projects, such as a new playground, piece of large equipment or building. Capital expenses are supported by Reserves and Capital expenses can also be offset by grants and fundraising efforts. Capital expenses can also be spread over time by debt financing and borrowing.
- The Reserve budget is the Townships savings account and should provide stability over time. Reserves are collected from the Operating budget (taxes) and other income (such as Water Rates). Reserves are separated into various 'pools' to support specific projects (such as the renewal and replacement of Fleet, or maintaining water systems).

The 2024 Base Budget is reflective of only the operating component which includes the expenditures related to providing the core services of the Township and funds to be placed into reserves. The funding for an operating budget is typically provided through the tax levy, operating grants (such as Ontario Municipal Partnership Fund), user fees and investment income.

The base budget provides for the status quo: a similar contribution to reserves as in past years, and a similar level of service as in past years. It does not factor in any new projects or areas or work, nor any additions or enhancements to services.

Staff will work with Council, through a strategic session on December 4th on identifying and prioritising new projects, new areas of work, enhancements, or changes to services, which will be in addition to the base budget. These projects could be supported by Capital funding (drawing from reserves, from grants, or from borrowing) or Operating funding (for changes to the 'day to day' budget, funded, usually, directly from taxes). This base budget is provided for Council information as a foundation to the discussions on December 4th.

2024 Base Budget Assumptions

As there are still amounts outstanding staff have included the following assumptions, which are subject to change, while preparing the 2024 Base Budget:

- Impact of budget request on the tax levy and reserve balances: Council will be providing direction to staff at the December 4, 2023, Special Council meeting.
- Salaries and benefits: staff have included a 3% cost of living adjustment (COLA) in the base budget and an estimated for all statutory benefit increases (i.e., CPP, EI, etc.). It is noted that the Council approved policy for COLA is that it be based on the 'all goods CPI' for the 12 months up to October 31st. In 2023 (for 2024) this is 3.6% (in 2022 for 2023) this was



- 6.5%); as per 2023, staff are recommending a lower COLA than supported by policy.
- Inter Township Fire Department contribution: In August 2023 the Township of Georgian Bluffs and the Municipality of Meaford entered into an updated Agreement for the Establishment and operating of a Joint Municipal Service Board for the Inter Township Fire Department. As part of this agreement, it gave the Board the authority to approve up to a 3% budget increase without further Council approved. At this time a 2024 budget has not yet been presented to the Board so staff have included the maximum 3% which can be approved by the Board.
 - Biodigester contribution: assumed the same as last year, at this time the board has not approved a 2024 budget.
 - Grey Sauble Conservation Authority (GSCA): staff are aware that the GSCA has presented to their board (Link to the October 25, 2023 Board meeting https://www.greysauble.on.ca/wp-content/uploads/2023/10/GSCA_BOD_PKG_25OCT2023_OPTIMIZED-1.pdf) a request for the renovation, update and inclusion of AODA standards for the Administrative Centre. At this time the Board has not decided on the proposed funding of this project, the Board's decision may or may not have an impact on the Township's 2024 budget.
 - Insurance: staff have included an estimated 10% increase on premiums. This increase is the recommended inflationary factor recommended by the insurers for use based on their expertise in understanding the municipal insurance marketplace.
 - Cemetery care services: staff have included a 10% increase; the Township is currently in a multi-year agreement with the current provider which included regular fee renewals. This fee renewal is currently being discussed with the service provider.
 - Circular Materials Ontario (CMO) funding to be received: annual funding is still to be confirmed, staff are working with the provider to better understanding the funding calculations and how they apply to Georgian Bluffs. Staff have included an amount consistent with the previous program provider, Stewardship Ontario.

Many of the base budget assumptions are for amounts outside of the Township's control, as we progress through the coming months staff anticipate that we will receive more definitive amounts. All financial impacts these decisions have on the 2024 Base Budget will be included for Councils consideration.



Base Budget Financials

Please see the presentation for a more detailed breakdown of the financial at a high-level departmental presentation.

In summary the base budget includes total taxes levied for operating purposes of \$10,139,700 and taxes levied for reserves (capital) purposes of \$1,783,250. For total taxes levied of \$11,922,950; this is a \$177,450 increase over the 2023 budget. If assessment growth was not included this would result in a municipal tax levy increase of 1.51%, when including the estimated growth this increase is reduced to 0.30%. When including assessment growth, for every change of \$100,000 made to the base budget this will have approximately a 0.83% change to the municipal tax rate.

As shown on slide 22 of the presentation the 2024 base budget has proposed funding as follows:

	2023 Budget	2023 Estimated Actuals	2024 Base Budget	Proposed Budget Change
Total Operating Expenditures (all Departments)	\$13,187,555	\$12,784,524	\$13,803,150	+ \$615,595
Total Taxes Levied for Reserves (Capital)	\$1,730,545	\$1,730,545	\$1,783,250	+ \$52,705
Total Core Expenditures	\$14,918,100	\$14,515,069	\$15,586,400	+ \$668,300
Funded from Operating Grants	\$1,179,200	\$1,190,777	\$1,222,900	+ \$43,700
Funded from User Fees	\$1,593,400	\$1,783,082	\$1,690,550	+ \$97,150
Funded from Investment Income	\$400,000	\$1,004,854	\$750,000	+ \$350,000
Funded from Tax Levy	\$11,745,500	\$10,536,356	\$11,922,950	+ \$177,450

The difference between the '2023 Estimated Actuals' and the '2023 Budget' amounts funded from tax levy of \$1,209,144 is reflective of the estimated surplus for the year, approximately half of this surplus is generated from the additional investment income the Township has earned due to unexpectedly high interest prime rates. Staff also note that the Township has not been fully staffed at any point this year having multiple



vacancies for much of the year which have also contributed to this higher predicted surplus. Not only has this meant budget allocated to wages and salaries has not been spent, but some projects have not advanced as anticipated, or slower than anticipated as a result of staff shortages.

Staff have not included a 2024 Base Budget for the water system as Council voted to defer that section of the Fees and Charges at the November 8, 2023, meeting. A separate report will be presented to Council outlining further details related to the water systems. Water systems are self funded and have no impact on the municipal tax levy.

Next Steps

The 2024 Base Budget is not reflective of any comments received during the engagement to date, a separate report (2024 Budget Survey Results) is being presented to Council tonight which will outline those comments received.

At the December 4, 2023, Special Council meeting staff will present all 2024 budget request prepared to date. Staff will seek to work with Council in building and shaping priorities for the Township in 2024 based on existing directions, public feedback, and Council priorities. Staff will then use this session to build a 2024 Proposed Budget, which will at that time, include a potential tax increase.

Staff anticipate completing a 2024 Proposed Budget in the first half of January 2024 and will seek community and Council feedback on this. The 2024 Council and Committee calendar includes a Hold the Date on January 26, 2024, for a budget Special Council meeting. If Council proceeds with formally calling this special council meeting staff will present any Council budget requests and a 2024 Proposed Budget (based on direction received to date). The 2024 Proposed Budget will be inclusive of both the operating and capital budgets. The 2024 calendar also included a Hold the Date on January 30, 2024, for a public input session on the 2024 budget.

Financial Impact

On its own, the 2024 Base Budget would result in a 0.30% increase to the Municipal tax levy when considering estimated assessment growth. However, staff reiterate that the base budget does not include any capital projects, service level changes or new projects; it is only a reflection of providing the same levels and types of core operating services.

Strategic Priorities

Deliver effective and cost-efficient services.



Conclusion

The 2024 Base Budget is reflective of the costs associated with providing the same type and levels of services as in previous years. It captures the impacts of decisions made by Council in previous budget and includes an amount for Taxes Levied for Reserves (Capital).

The 2024 Base Budget does not reflect any changes Council may direct staff to make related to the types or levels of services they wish to provide, nor does it include any potential impacts of that the 2024 Proposed Budget may have on the tax levy or reserve balances. This information will follow the discussions with Council on December 4th

The 2024 base budget includes total taxes levied for operating purposes of \$10,139,700 and taxes levied for reserves (capital) purposes of \$1,783,250. For total taxes levied of \$11,922,950; this is a \$177,450 increase over the 2023 budget. If assessment growth was not included this would result in a municipal tax levy increase of 1.51%, when including the estimated growth this increase is reduced to 0.30%.

Respectfully Submitted: Samantha Buchanan, Treasurer



Report Approval Details

Document Title:	COR2023-048 2024 Base Budget.docx
Attachments:	<ul style="list-style-type: none">- 2024 Base Budget Presentation - Nov 15, 2023.pptx- Appendix A Base Budget - 2024 Estimated Reserve Balance.pdf
Final Approval Date:	Nov 9, 2023

This report and all of its attachments were approved and signed as outlined below:

Niall Loble, Director of Community Services