

2022-2023

# BUDGET

OVERVIEW & CONSIDERATIONS



THE MUNICIPALITY OF CENTRAL ELGIN



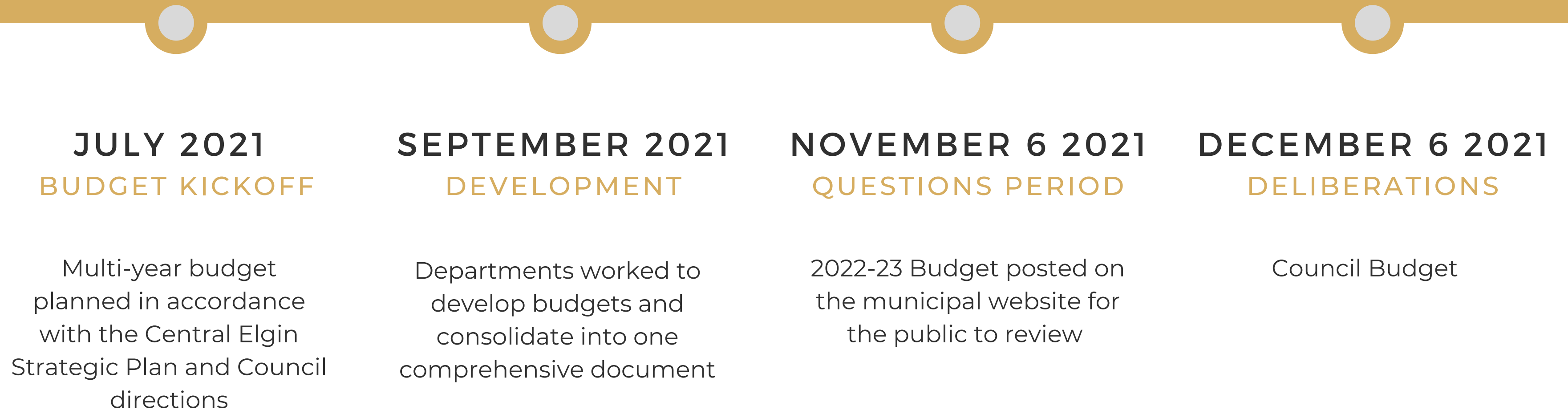
# AGENDA

## overview

- 2022-23 Budget Process
- Council Strategic Priorities
- Proposed Tax Levy
- Budget Updates
- Impact of Proposed Levy



# BUDGET PROCESS OVERVIEW





# BUDGET PROCESS OVERVIEW

## CAPITAL BUDGET

- Provides for the infrastructure requirements of the Municipality
- Allows the Municipality to plan for upcoming years
- Consists of larger investments that help the Municipality prepare for the community's future growth
- A number of funding sources are used to carry out capital projects, although property tax funding is the most common
- Existing infrastructure like roads, bridges, sidewalks, storm sewers, water mains, and recreational facilities continue to age and require capital spending for renewal and replacement

## OPERATING BUDGET

- Provides funds for the day to day operations of the Municipality

## PUBLIC INVOLVEMENT

- The Draft Consolidated 2022-23 Budget was posted to the municipal website for four weeks prior to the budget deliberation on December 6, 2021
- This gave the public the opportunity to discuss the budget with members of Council and staff before the deliberations and approval

## BUDGET AMENDMENTS

- Additions to the budget made after the budget is approved by Council will require Council approval



# STRATEGIC PRIORITIES



A Strong Local Economy  
& Sustainable  
Community



Conservation &  
Appreciation of the  
Natural Environment



Adequate, Sustainable,  
& Affordable  
Infrastructure



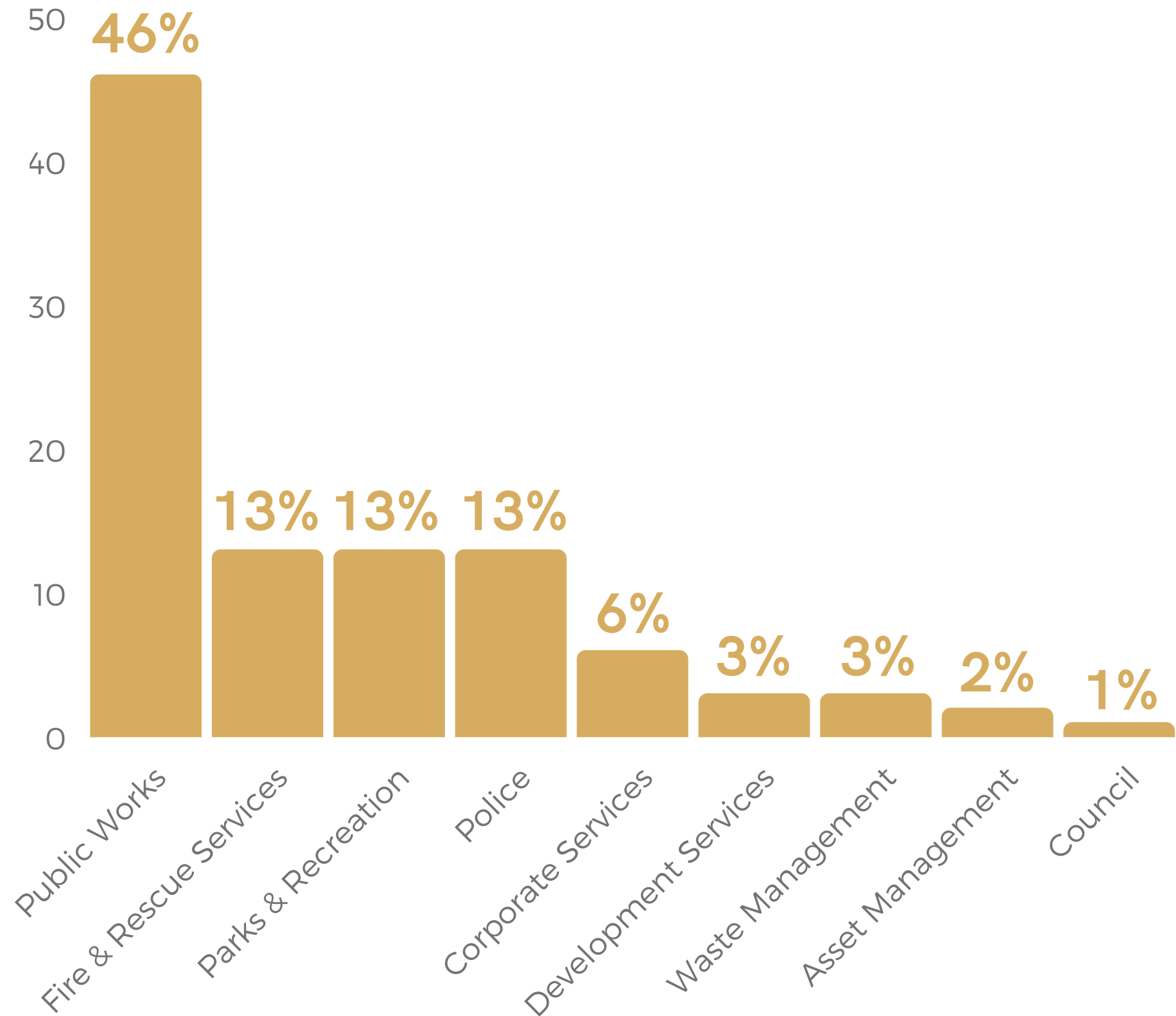
Good Governance



# PROPERTY TAX

Posted proposed 2022 tax levy for Central Elgin is \$16.5 million, resulting in a tax rate increase of 0.5%.

The chart demarcates net expenditures to various service areas





# IMPACT OF TAX LEVY

## NOVEMBER 6, 2021

### TAX RATE 0.5%

The proposed levy would have the below impact on median current value assessments (CVA). These figures are derived from the Ministry of Finance Online Property Tax Analysis (OPTA) system.

CLASS	2021 AVERAGE CVA	2021 MUNICIPAL TAXES	2022 0.5% RATE INCREASE	2022 TAX INCREASE
Residential	\$269,000	\$2,210.77	0.004109 %	\$11.05
Farm	\$767,900	\$1,451.52	0.000945 %	\$ 7.26
Commercial	\$209,000	\$7,812.84	0.006729 %	\$14.06
Industrial	\$385,000	\$7,040.46	0.009143 %	\$35.20

Please note, that the 2022 Capital Budget does not include the Bridge Capital contribution of \$488,529 as a contemplated option from the Bridge and Culvert Asset Management Plan.

If Council seeks to modify the levy closer to inflation, the inclusion of the Bridge Capital contribution of \$488,529 in 2022 is recommended.





# IMPACT OF TAX LEVY

## DECEMBER 6, 2021

### TAX RATE 1.72%

Updated proposed 2022 tax levy for Central Elgin is \$16.8 million, resulting in a tax rate increase of 1.72%

CLASS	2021 AVERAGE CVA	2021 MUNICIPAL TAXES	2022 1.72% RATE INCREASE	TAX IMPLICATION FOR AVERAGE PROPERTY
Residential	\$269,000	\$2,210.77	0.0141221 %	\$37.99
Farm	\$767,900	\$1,451.52	0.0032481 %	\$24.94
Commercial	\$209,000	\$7,812.84	0.0231264 %	\$48.33
Industrial	\$385,000	\$7,040.46	0.0314232 %	\$120.98



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# OPERATING REVENUE BY DEPARTMENT

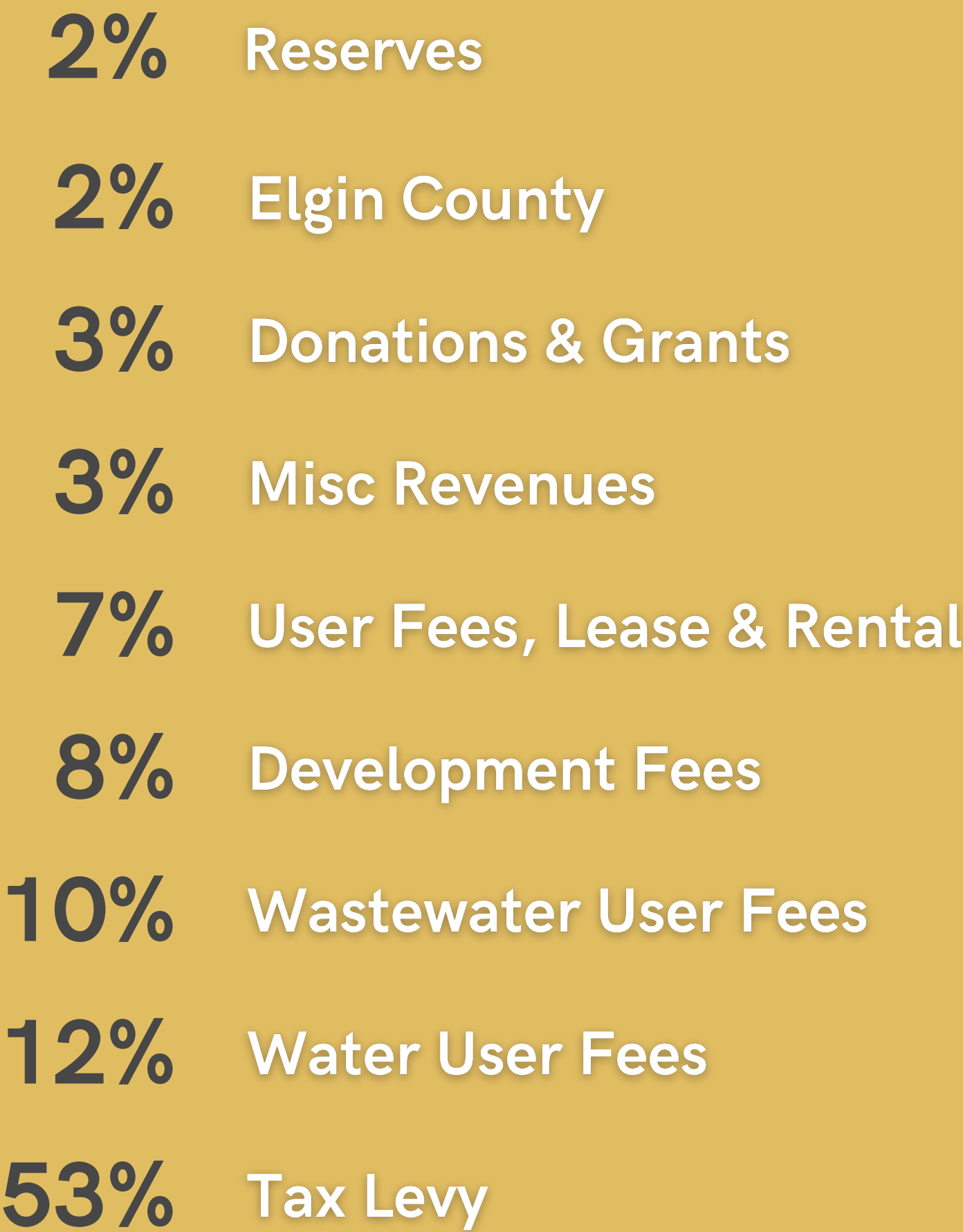
COUNCIL	\$ -
FIRE & EMERGENCY SERVICES	\$ 399,339
ASSET MANAGEMENT & DEVELOPMENT SERVICES	\$ 1,065,911
INFRASTRUCTURE & COMMUNITY SERVICES	\$ 11,754,653
CORPORATE SERVICES	\$18,270,420
<b>TOTAL</b>	<b>\$ 31,490,323</b>





# OPERATING REVENUE BY SOURCE

RESERVES	\$ 502,605
ELGIN COUNTY	\$ 746, 381
DONATIONS & GRANTS	\$ 823,000
MISC REVENUES	\$ 874,865
USER FEES, LEASE & RENTAL	\$ 2,194,014
DEVELOPMENT FEES	\$ 2,478,817
WASTEWATER USER FEES	\$ 3,120,163
WATER USER FEES	\$ 3,930,565
TAX LEVY	\$ 16,819,913
<b>TOTAL</b>	<b>\$ 31,490,323</b>



# EXPENSES BY DEPARTMENT

COUNCIL	\$ 194,666
ASSET MANAGEMENT & DEVELOPMENT SERVICES	\$ 1,969,290
FIRE & EMERGENCY SERVICES	\$ 4,805,037
CORPORATE SERVICES	\$ 5,759,554
INFRASTRUCTURE & COMMUNITY SERVICES	\$18,761,776
<b>TOTAL</b>	<b>\$ 31,490,323</b>

1%

Council

6%

Asset Management &  
Development Services

15%

Fire & Emergency Services

18%

Corporate Services

60%

Infrastructure &  
Community Services



# EXPENSES BY CATEGORY

CONSULTING SERVICES	\$ 246,650
STAFFING OTHER DIRECT EXPENSES	\$ 319,361
HYDRO/WATER/GAS	\$ 701,611
WATER PURCHASES	\$ 936,290
SUPPLIES & MAINTENANCE	\$ 1,546,400
CONTRIBUTIONS TO RESERVES	\$ 2,352,166
CONTRACTED SERVICES	\$ 3,770,792
TRANSFER TO CAPITAL BUDGET	\$ 4,030,978
DEBT EXPENSES	\$ 4,181,699
OTHER DIRECT COSTS	\$ 4,627,272
SALARIES & BENEFITS	\$ 8,777,054
<b>TOTAL</b>	<b>\$ 31,490,323</b>

1%	Consulting Services
1%	Staffing Other Direct Expenses
2%	Hydro/Water/Gas
3%	Water Purchases
5%	Supplies & Maint.
7%	Contributions to Reserves
12%	Contracted Services
13%	Transfer to Capital Budget
13%	Debt Expenses
15%	Other Direct Costs
28%	Salaries & Benefits

# 2022 Operating Summary

	COUNCIL	CORPORATE SERVICES	ASSET MANAGEMENT & DEVELOPMENT SERVICES	FIRE & EMERGENCY SERVICES	INFRASTRUCTURE & COMMUNITY SERVICES
<b>REVENUE</b>					
Development Fees	\$-	(\$ 22,607.00)	(\$ 191,476.00)	(\$ 338,089.00)	(\$ 1,926,645.00)
Donations & Grants	\$-	(\$ 694,000.00)	\$ -	(\$ 1,000.00)	(\$ 128,000.00)
Misc Revenues	\$-	(\$ 529,400.00)	(\$ 15,000.00)	(\$ 60,000.00)	(\$ 270,465.00)
Reserves	\$-	(\$ 58,000.00)	(\$ 66,185.00)	\$ -	(\$ 378,420.00)
Elgin County	\$-	\$ -	\$ -	\$ -	(\$ 746,381.00)
Tax Levy	\$-	(\$ 16,819,913.00)	\$ -	\$ -	\$ -
User Fees, Lease and Rental	\$-	(\$ 146,500.00)	(\$ 793,250.00)	(\$ 250.00)	(\$ 1,254,014.00)
Water User Fees	\$-	\$ -	\$ -	\$ -	(\$ 3,930,565.00)
Wastewater User Fees	\$-	\$ -	\$ -	\$ -	(\$ 3,120,163.00)
<b>REVENUE TOTAL</b>	<b>\$ -</b>	<b>(\$ 18,270,420.00)</b>	<b>(\$ 1,065,911.00)</b>	<b>(\$ 399,339.00)</b>	<b>(\$ 11,754,653.00)</b>
<b>EXPENSE</b>					
Salaries & Benefits	\$ 162,666.20	\$ 1,473,711.93	\$ 1,121,544.00	\$ 1,036,295.00	\$ 4,982,837.00
Staffing Other Direct Expenses	\$ 17,000.00	\$ 59,000.00	\$ 32,525.00	\$ 65,291.00	\$ 145,545.00
Contracted Services	\$ -	\$ 229,957.36	\$ 42,000.00	\$ 2,251,385.00	\$ 1,247,450.00
Consulting Services	\$ 6,000.00	\$ 65,000.00	\$ 125,000.00	\$ 1,000.00	\$ 49,650.00
Contributions to Reserves	\$ 2,500.00	\$ 18,049.00	\$ 275,673.00	\$ 475,000.00	\$ 1,580,944.00
Hydro/Water/Gas	\$ -	\$ 12,567.00	\$ -	\$ 21,500.00	\$ 667,594.00
Other Direct Costs	\$ 6,500.00	\$ 511,087.00	\$ 349,673.00	\$ 305,750.00	\$ 3,454,262.00
Supplies & Maintenance	\$ -	\$ 24,204.00	\$ 22,875.00	\$ 297,400.00	\$1,201,921.00
Water Purchases	\$ -	\$ -	\$ -	\$ -	\$936,290.00
Debt Expenses	\$ -	\$ 10,000.00	\$ -	\$ 351,416.00	\$ 3,820,283.00
Transfer to Capital Budget	\$ -	\$ 3,355,978.00	\$ -	\$ -	\$ 675,000.00
<b>EXPENSE TOTAL</b>	<b>\$ 194,666.00</b>	<b>\$ 5,759,554.00</b>	<b>\$ 1,969,290.00</b>	<b>\$ 4,805,037.00</b>	<b>\$ 18,761,776.00</b>
<b>GRAND TOTAL</b>	<b>\$ 194,666.00</b>	<b>(\$ 12,510,866.00)</b>	<b>\$ 903,379.00</b>	<b>\$ 4,405,698.00</b>	<b>\$ 7,007,123.00</b>



# REVENUE SOURCE DESCRIPTIONS

## USER FEES, LEASE AND RENTAL

Fees charged on various programs or services provided, such as beach parking, solid waste bins, ice rentals and building permits.

## WATER USER FEES

Consists of a fixed monthly fee and a variable fee to fund water expenses.

## WASTEWATER USER FEES

Consists of a fixed monthly fee and a variable fee to fund wastewater operating expenses.

## DEVELOPMENT FEES

Fees collected from developers at the time a building permit is issued to help pay for the cost of infrastructure required to provide municipal services to new development, such as roads, water and sewer infrastructure, community centres, and fire facilities.

## DONATIONS & GRANTS

Consists primarily of the Ontario Municipal Partnership Fund and other upper level of government grants.

## MISC REVENUES

Various less significant sources of revenue

## RESERVES

Funding provided from reserve funds

## ELGIN COUNTY

Funds received for the Elgin County Roads Maintenance Agreement

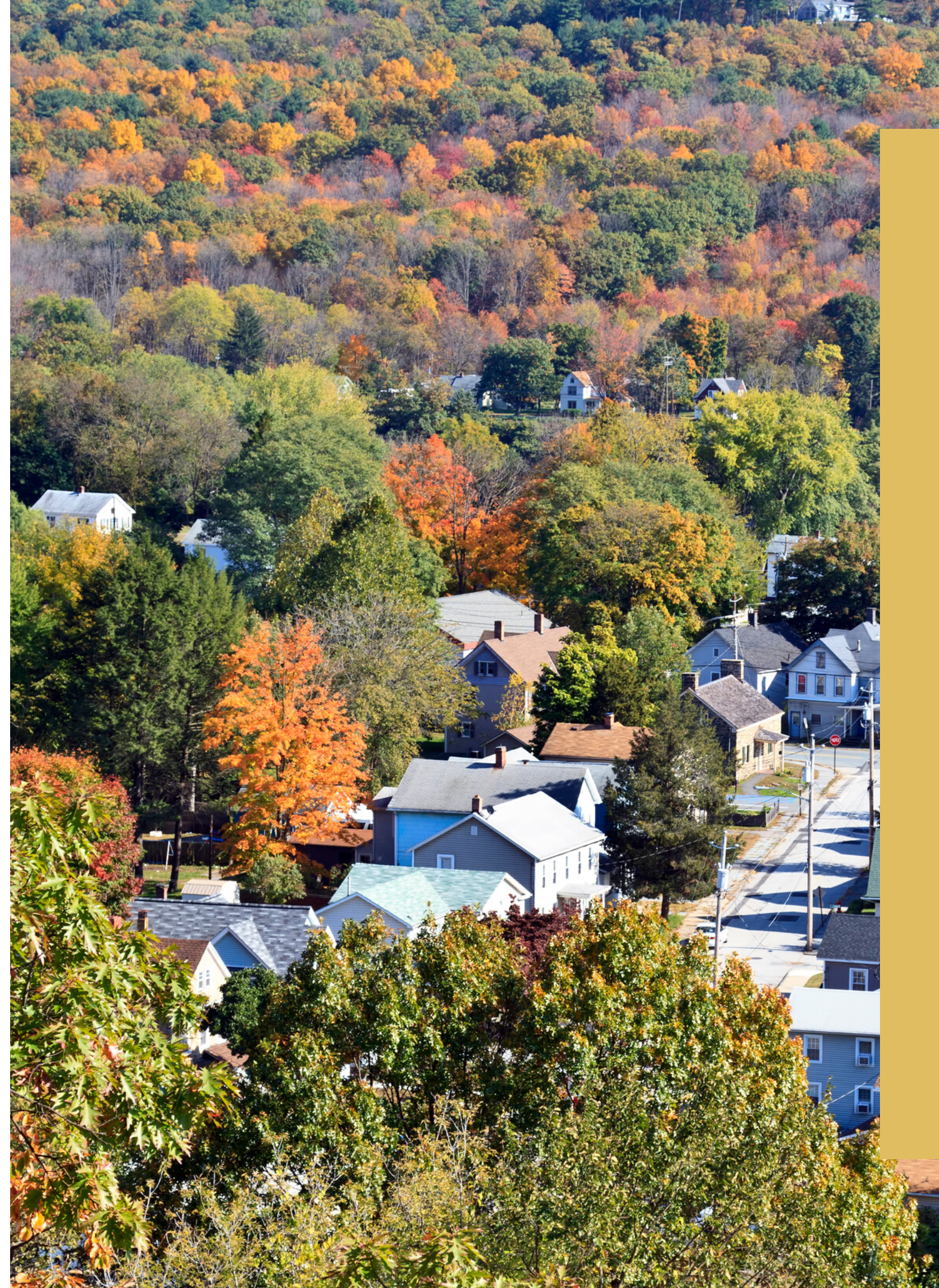
## TAX LEVY

This revenue is from the municipal tax levy. The annual requirement depends on the net expenditures of the operating and capital budget.

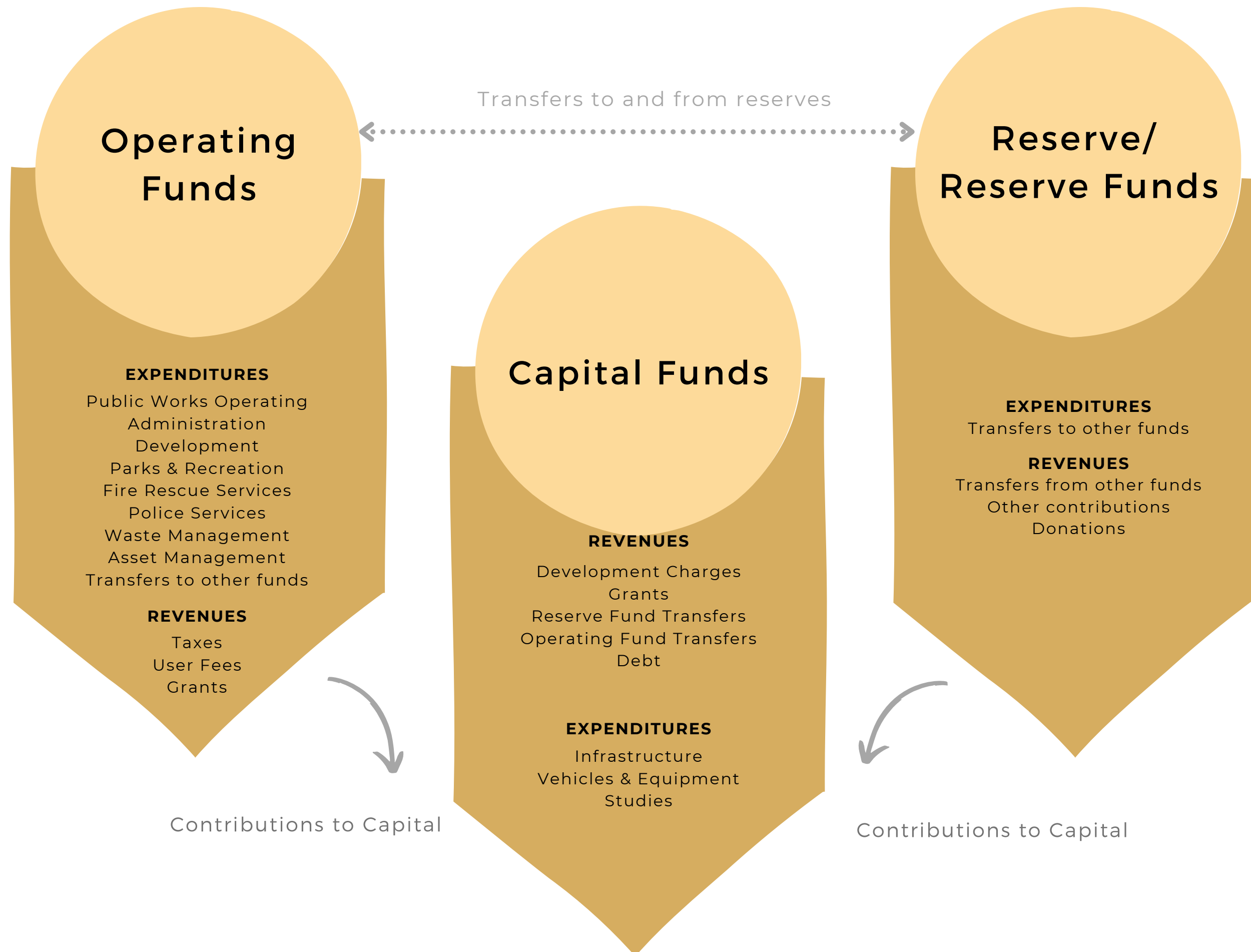


# FUND ACCOUNTING

Financial information is prepared in accordance with a fund structure consisting of Operating Funds, Capital Funds and Reserve Funds. Separate fund accounting and dedicated funds allow for increased control by ensuring the assets are not used for any other purposes.









# FUND CATEGORIES

## CAPITAL RESERVE

The Municipality has millions of dollars invested in infrastructure for its services including fleet, parks, roads, storm water, water and waste water. The investment in capital reserve (Tangible Capital Assets) fund are used to maintain the value in investment in TCA or to sustain service delivery by maintaining the asset values.

## GENERAL FUND

The general operating fund encompasses the majority of the Municipality's services, including governance, fire, corporate services, general fiscal services, parks and recreation. See detailed operating budgets which are primarily within general fund and funded mainly by property taxation.

## NON-STATUTORY RESERVES

The Non-Statutory Reserves have been set aside by decision of Council for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated. The majority of the Municipality's reserves are non-statutory as defined in the municipal budget on page 155.

## HARBOUR RESERVE

The income from the investment of the monies received as part of the contribution agreement is reported in the Harbour Obligatory Reserve Fund. These assets are reported as an obligatory reserve fund as per the Harbour contribution agreement until utilized for specific capital and expenditures related to the harbour.

## UNAPPROPRIATED FUNDS

The unappropriated funds are available for working capital to temporarily finance operations until planned revenues including property taxes are received, or for other operating or capital purposes as determined by Council. This is defined in the Municipality's Reserve Fund Policy.

## WATER & WASTEWATER FUNDS

Water and wastewater utilities are funded through user fees. These funds are self-balancing and segregated for purposes of carrying on specific activities in accordance with specific regulations, restrictions and limitations.

The water and wastewater budget reflects these funds operate independently, therefore user fees must fund ongoing operations and maintenance of these core utilities, as well as fund capital renewal and upgrades with consideration of Development Cost Charges and Long-Term Debt.

# FINANCIAL POLICIES

## CREDIT AND COLLECTIONS

The Municipality will continue to follow an aggressive approach and a consistent policy of collecting revenues that is in accordance with the Accounts Receivable Collections Policy and Procedures. A rate of 1.25% per month is charged on overdue tax accounts. If taxes are not paid within three years and an acceptable payment plan cannot be reached, properties go to tax sale. The water arrears are also added to the tax bill for collection after 90 days of payment due dates.

## CURRENT FUNDING BASIS

Current operating expenditures are paid from current revenues and fund balances carried forward from the prior year, after reserve and capital requirements are met. The Municipality will avoid budgetary and accounting practices that balance the current budget at the expense of future budgets.

## FINANCIAL STABILITY

Current revenues will fund current expenditures and a diversified and stable revenue system (including safeguarding of assets and prudent investment approach) will protect programs from short-term fluctuations in any single revenue source.

## GRANTS

Revenue from grant funding will only be included in the operating budget if they are recurring grants that are not expected to be discontinued. As a result, nonrecurring grants will not be used to fund ongoing projects.

## INVESTMENTS

Cash and investment programs will be maintained in accordance with the Municipality's investment policy. Funds will be managed in a prudent manner with emphasis on adherence to statutory requirements, safety, liquidity, and yield in that order.



# FINANCIAL POLICIES

## LONG -TERM FINANCIAL PLAN

A long term financial plan is in progress to safeguard a good financial health of the Municipality. The underlying approach is to support the council to govern and the executives to manage the operations of the Municipality.

All departments are responsible for meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect the policy directives, projected resources, and future service requirements.

## MULTI-YEAR BUDGET

For the first time Central Elgin has undertaken a multi-year (2) budget approach. Going forward a five year budget for both capital and operating expenditures will be prepared and updated on an annual basis. This will allow for advance preparation of any proposed service level and growth related changes. This will also identify any trends and upcoming challenges.

## NEW SERVICES

Any new service will be approved by Council at budget sessions before it is rolled out. This will ensure appropriate funding is in place.

## USER FEES

Enterprise (Water, Wastewater, and Recreation) user fees and charges will be examined on an annual basis to ensure that they are sufficient to recover all direct and indirect costs of service. These user fees will continue to be approved by Council through the by-law to establish user fees or charges for services, activities or the use of property.

## USE OF REVENUES

Revenues will not be dedicated for specific purpose unless required by law or generally accepted accounting principles (GAAP). All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.



An aerial photograph of a rural landscape. A paved road runs diagonally from the bottom left towards the top center. To the left of the road are green fields and some buildings. To the right are more fields, some with bare trees, and a small cluster of houses. The background shows a flat horizon under a clear sky.

# ASSET MANAGEMENT PLAN

A Ten-Year Capital Asset Management Plan is in progress and is expected to be completed by July 2023. Each year, the Municipality's capital plan will be revisited and updated accordingly. Besides, there will be a 5 year capital budget effective 2023. This budget will include infrastructure and non-infrastructure related capital projects. The source of funding for these projects will be clearly reflected. The budget will also ensure that at the end of the five years, the reserves are still kept at an acceptable level and are not depleted. Contingency will be built in to address any additional unplanned expenses.

## CAPITAL PURCHASES

Capital purchases will be made in accordance with the Municipal Purchasing and Procurement Policy. Depending on the cost of the purchase, appropriate supervisor, management, director and/or Council approval will be obtained prior to the order being placed.



# FINANCIAL REPORTING

As part of Governance and Fiscal Monitoring – Monthly variance will be provided to staff. A quarterly financial report will be presented to Council which will explain budget variances to date and expected future budget variances.

## FINANCIAL INFORMATION RETURN

A Financial Information Return (FIR) is submitted to the Ministry of Municipal Affairs and Housing (MMAH) on an annual basis. The information in the FIR is consistent with the information in the audited financial statements.

## FINANCIAL STATEMENT AUDIT

An external third party auditor performs an annual audit of the Municipality's consolidated financial statements to ensure that they are consistent with Canadian Generally Accepted Accounting Principles (GAAP) and Public Sector Accounting Board (PSAB) standards.

## INTERNAL CONTROLS

Financial department maintains rigorous internal controls to monitor revenues, expenditures, and program performance on an ongoing basis.

# STAFF COMPLEMENT

	2020	2021	2022 (Budgeted)		2020	2021	2022 (Budgeted)
<b>Council</b>				<b>By-Law Enforcement</b>			
Permanent Part Time	7	7	7	Permanent Full Time	0	0	1***
<b>Corporate Services</b>				<b>Building</b>			
Permanent Full Time	12	12	14*	Permanent Full Time	3	3	3
Permanent Part Time	0	1	1	<b>Asset Management/</b>			
<b>Water/Wastewater</b>				<b>Development Services</b>			
Permanent Full Time	10	11	9*	Permanent Full Time	4	5	5
<b>Roads</b>				<b>Fire</b>			
Permanent Full Time	19	20	21**	Permanent Full Time	3	2	2
<b>Recreation</b>				Permanent Part Time	108	108	108
Permanent Full Time	123	12	12	<b>Total Permanent Full Time</b>			
Permanent Part Time	5	4	4	<b>Total Permanent Part Time</b>			
<b>Waste Collection</b>				<b>76</b>			
Permanent Full Time	5	4	3***	<b>113</b>			

Seasonal staff not included in numbers provided.

In 2021, 52 seasonal staff were employed between beach rescue, bridge, recreation, roads, water, finance and asset management.

\* included two billing assistants in 2021 but they are now under Corporate Services for 2022

\*\* Due to a retirement, positions were restructured and a new position was created for a Manager Transportation & Fleet

\*\*\* June 1, 2021 - reduced staff from 4 to 3

\*\*\*\* Full-time Manager of By-law Enforcement/By-law Officer position required for 2022





# LONG TERM DEBT

## LOAN

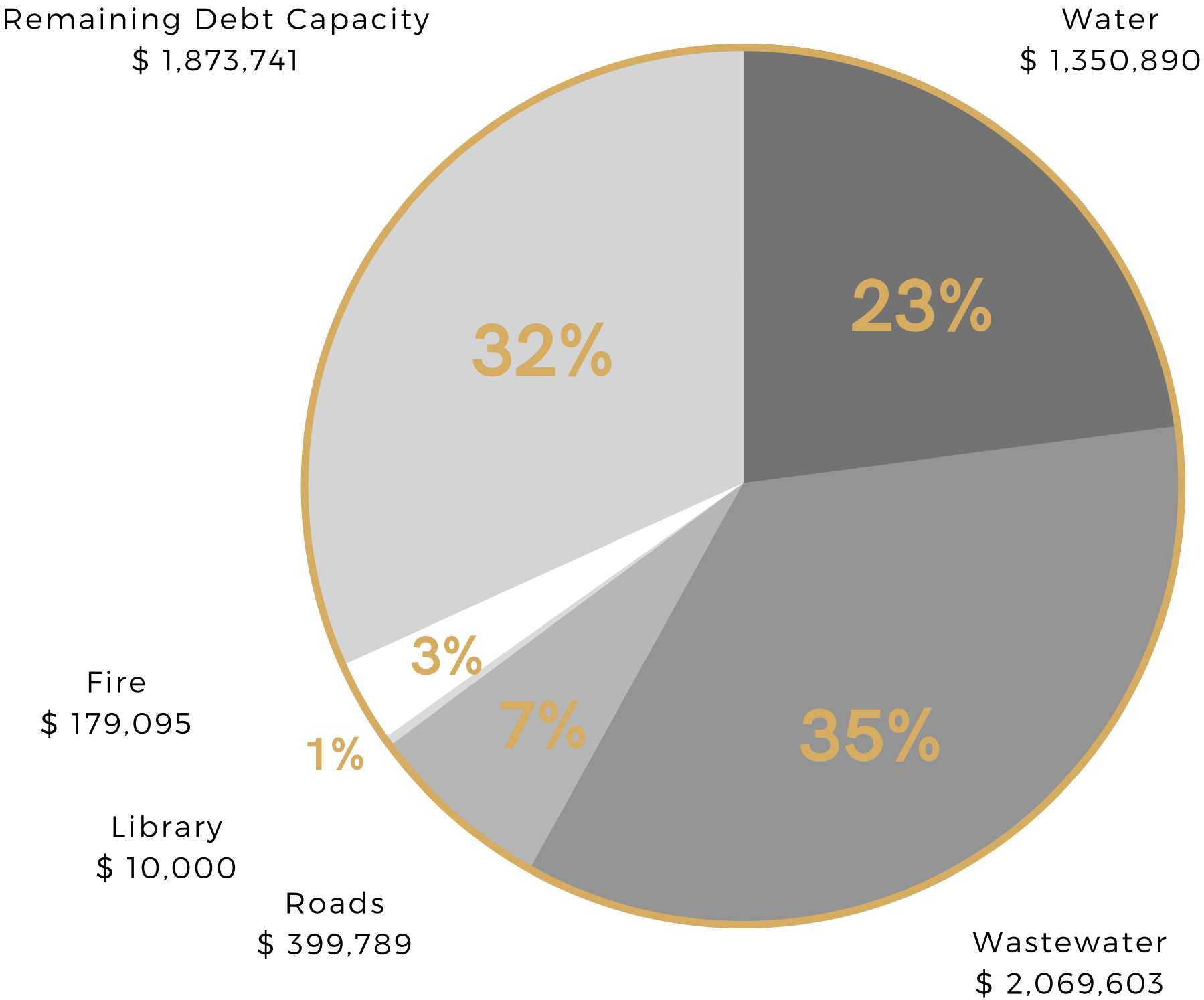
Infrastructure Ontario, 20 yrs, 4.86% semi-annual  
Infrastructure Ontario, 20 yrs, 4.54% serial, semi-annual  
Infrastructure Ontario, 25 yrs, 4.89% semi-annual  
Infrastructure Ontario, 10 yrs, 2.43% semi-annual  
County of Elgin-Belmont Library  
Infrastructure Ontario, 10 yrs, 2.45% semi-annual - Water  
Infrastructure Ontario, 10 yrs, 2.45% semi-annual - Sewer  
Infrastructure Ontario, 25 yrs, 3.33% semi-annual  
FCM, 10 yrs, 1.85% semi-annual

## DESCRIPTION

Belmont Elevated Water Storage and Belmont Sewage Treatment Facility  
Central Elgin Municipal Water Project  
Capital Water Projects  
ESDA Eastside  
Belmont Library  
Capital Water Projects  
Capital Wastewater Projects  
Port Stanley WWTP, Pump Stations 51 & 52  
CE1 Port Stanley Fire Station



# ANNUAL DEBT REPAYMENT CAPACITY



# DIFFERENCES BETWEEN THE BUDGET & FINANCIAL STATEMENTS

Annual budgets are prepared using the fund accounting treatment and financial statements are prepared using the full accrual accounting treatment.

The following are some of the differences between fund accounting and full accrual accounting:

DESCRIPTION	FUND ACCOUNTING TREATMENT	FULL ACCRUAL ACCOUNT TREATMENT
Tangible capital assets and amortization of tangible capital assets	Tangible capital assets and amortization are not included in the budget. All capital expenditures are expensed in the year it occurred.	Tangible capital assets are included in the Statement of Financial Position (Balance Sheet) at the net book value (NBV). (NBV = Historical cost less accumulated amortization) Annual Amortization is expensed under the Statement of Operations. (Income Statement)
Accumulated Surplus/ (Deficit) from Operations	The Statement of Financial Position does not contain the Accumulated Surplus/ (Deficit) from operations but includes only the Fund balances such as Current Fund, Capital Fund, and Reserve Fund.	Statement of Financial Position shows an Accumulated Surplus/(Deficit) consisting of all fund balances at a consolidated level. (Fuds include reserves, boards, TCA's)
Revenue Recognition	Revenue is recognized when received.	Revenue is recognized when earned.
Revenue/ Expenditures	Statement of Operations shows Revenue/Expenditures for capital, operating, and reserves	Revenue and expenses shown on the Statement of Operations (Income Statement) and Capital expenses are shown on the Statement of Financial Position (Balance Sheet) as assets.



# ABOUT THE 2022 BUDGET

## WHERE WE HAVE FOCUSED

The 2022 Budget and Budget Priorities are in alignment with the Municipality of Central Elgin Strategic Plan.

Significant focuses for the 2022 Budget consist of:

- The Port Stanley Waterfront Master Plan
- Front Street Slope Stabilization/ Reconstruction
- Modernization - ERP
- Bridge Capital Contribution





# THANK YOU

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🌐 [CentralElgin.org](http://CentralElgin.org)

💬 [LetsTalkCentralElgin.ca](http://LetsTalkCentralElgin.ca)

