



# Committee Report

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	August 12, 2021
<b>Subject / Report No:</b>	FR-CW-23-21
<b>Title:</b>	High Level Budget Assumptions and 2022 Budget Timelines
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<b>Reviewed by:</b>	Kim Wingrove
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	Adopted as presented by Committee of the Whole through Resolution CW128-21; Endorsed by County Council CC63-21

## Recommendation

1. **That Report FR-CW-23-21 regarding 2022 High Level Budget Assumptions and 2022 Budget Timelines be received; and**
2. **That the proposed budget assumptions be incorporated into the draft 2022 County of Grey budget for council's consideration and direction; and**
3. **That the 2022 draft budget schedule be approved.**

## Executive Summary

- The proposed high level 2022 draft budget assumptions for council's consideration and direction are outlined;
- The 2022 corporate budget overview and the overall estimated 2022 funding requirements will be presented on November 25, 2021;
- The 2022 draft budget will be presented to Committee of the Whole (budget review meeting) in January 2022 for consideration and approval;
- The 2022 budget by-law be presented on February 10, 2022 for adoption.

## Background and Discussion

FR-CW-23-21 provides high level budget assumptions and timelines for Council's consideration and direction in the development of the 2022 budget.

COVID-19 continues to be a significant influence on operations and the economy; it is difficult to predict the impact on the 2022 budget and the levels of funding that may be required from upper levels of government to assist with increased staffing, cleaning costs and personal protective

equipment. Staff will continue to monitor the situation and it is hoped that by bringing forward the draft budget in January 2022 more information will be available.

This report includes a list of 2022 budget assumptions as well as proposed budget timelines which have been established with a target date of February 10, 2022 for the budget by-law to be adopted.

## 2022 Budget Assumptions

### *General Assumptions*

- Based on historical trends, annual assessment growth will be estimated at previous 5 year average. This growth estimate will be updated in the 2022 budget with the actual growth results from MPAC's return of the 2022 assessment roll.
- Supplementary taxation to be estimated based on historical trends and MPAC's preliminary new assessment forecast, net of any write-offs
- Utility costs to be projected based upon industry projections and the LAS AMO Business Services commodity cost projections
- Gas and diesel projected costs based upon current market conditions and current consumption levels
- Insurance costs increase to be updated with information from insurance providers as becomes available
- Salaries and benefits budgeted based on current negotiated contracts (or estimates if contract expired or will expire in 2022), non-union and Council compensation to be based on compensation formulas and comparison with current union negotiated contracts
- Provincial funding to be assumed to continue and the currently known and committed levels, including any announced funding changes
- Costs of providing provincially mandated services are based on Ministry regulations and eligible expenditure guidelines and will be adjusted to reflect any funding adjustments
- Continue to increase tax revenues by 1.21% for each year to phase in the funds required as outlined in the Asset Management Strategy presented by Public Sector Digest in April 2021.
- Continue to increase tax revenues by 1.00% each year to set aside funds for the Attainable Housing fund (as recommended by the Affordable Housing Task Force December 15, 2020 and funded for the 2021 budget from the One Time Funding Reserve at the direction of Council on January 29, 2021)
- Utilize Building Condition Assessments and Reserve Fund Analyses as a tool to assist in determining project priorities and estimated costs to maintain County assets and funding levels
- Health Care Initiatives funding transfer to reserve to continue based on Council's approved recommendation that half of 1% of County level maximum per year for contributions to capital construction projects of hospitals

## COVID-19

- Staffing levels for Long-Term Care budgeted to continue based on current Ministry directives or any new directives and regulations that may be received before the draft budget is finalized
- Personal Protective Equipment (PPE) to remain at current levels and project to continue into 2022 until public health and Ministry recommendations are adjusted
- Budget for eligible activities to be funded from funds remaining from the Safe Restart Agreement and Provincial COVID-19 Recovery Funding for Municipalities
- Investment income to remain low. The reduction in investment income will reduce the transfer to the One-Time Funding Reserve where, as per policy, any revenue that is budgeted that exceeds 1% of the levy will be placed in this reserve to assist with non-recurring expenditures.

Staff will continue to monitor budget assumptions based upon the most current information until the budget is finalized for presentation to Committee of the Whole.

## 2022 Budget Timelines

It was hoped that the 2022 draft budget would return to a late November 2021 presentation date as this allows departmental staff to move forward with procurement of capital projects. However, with the uncertainty of the continued impact of COVID-19 on the human services' budgets (Housing, Social Services, Long-Term Care and Paramedic Services) accompanied by staffing changes in the Finance Department, staff determined that a January 2022 budget presentation would allow staff with more time to review and analyze budget submissions.

The later budget presentation will also provide staff with the opportunity to utilize the 2022 Municipal Property Assessment Corporation (MPAC) returned assessment roll and to confirm the 2021 assessment growth. The 2022 budget timetable proposes a budget presentation to Committee of the Whole in late January 2022 with a target budget approval date of February 10, 2022 where the by-law to adopt the estimates of revenues and expenditures for 2022 would be presented for approval.

The County's Purchasing Procedures provide staff with the ability to request Council's consideration of pre-budget approval where it is advantageous to move forward with procurement prior to the approval of the annual budget. Section 10.1 c) of the County's Purchasing Procedure requires reporting to Council for any acquisition of goods or services that is not already approved in the current year's budget, such as items requiring pre-budget approval or post-budget amendments. Procurement in advance of the adoption of the estimates of revenues and expenditures by-law must be reported to Council in order to have the expenditure authorized by resolution.

## Budget Process

The 2022 budget process began with the updating of the Ten Year Capital Forecast; the 2022-2031 forecast was endorsed by County Council on July 22, 2021 and provided Council and the public with Grey County's anticipated capital expenditures over a 10 year planning horizon.

This forecast also directed staff to utilize the first year of the forecast to develop the draft 2022 budget for consideration by County Council.

The Information Technology, Finance and Human Resources Departments provide corporate budget assumptions to departments for costs for technology, insurance, utilities, wage and associated benefit numbers. Budget worksheets are provided by Finance staff in order that departments can develop their 2022 operating and capital budget submissions. These worksheets contain the revenue and expenditures for the four prior years, four year averages, current year budget, actuals to the last reporting date and a column for the 2022 proposed budget.

Departmental staff involved in the budget process, the Director and the lead Finance staff member review the draft budget and projected year end actuals; Finance uploads the data into the County's financial software and works with the department until the draft budget is ready for review by the CAO and Director of Finance. The department, finance lead, CAO and Director of Finance meet to review the budget with any recommended changes made before the corporate draft budget is compiled.

Once all the departmental budget submissions have been completed, the overall 2022 draft operating and capital budget submissions are reviewed with the Senior Management Team. The Long-Term Care Committee of Management will see the proposed budgets under their portfolio November 9, 2021.

The Director of Finance provides Council with a corporate budget overview and background in order that Council is aware of the overall funds required in order to meet the proposed budgets developed by staff and to provide any further direction prior to the draft budget being finalized.

Staff will prepare the budget summary and detail documents that are provided to Council and posted on the County's website in advance of the Committee of the Whole budget meeting to be scheduled in late January 2022.

## Budget Documents

The budget is presented with summary and detail documents; the summary is a high level synopsis of the budget and highlights some of the significant changes, initiatives or impacts that have been incorporated into the development of the budget. The budget detail document provides additional detailed budget information for each department, along with departmental summaries and costs for each line item.

The 2021 budget detail document also contains statistical information on weighted assessment, average household income, reserves, asset consumption ratios, staffing, sources of revenue etc. that supplements the departmental budget requests. Staff does not propose any significant changes to the 2022 budget presentation. The 2022 draft budget includes \$72,800 for the acquisition of multi-user budget software and this will change the processes for staff involved in the development of the 2023 draft budget.

## Proposed 2022 Budget Timeline

Description	Target Date
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Budget assumptions provided by Finance, HR and IT to departments	August 30, 2021
Departments developing 2022 operating and capital budgets	August/September 2021
2022 Budget Notice of budget timelines posted on County's Website	October 7, 2021
CAO, Director of Finance, Departmental Director and staff review budget submission	October 2021
Senior Management Team reviews 2022 corporate operating and capital budget submissions	November 2021
Presentation of draft budget to Long Term Care Committee of Management	November 9, 2021
Director of Finance provides Council with 2022 corporate budget overview and background	November 25, 2021
Finance and departmental staff finalize budget documents	November/December 2021
Provide proposed budget to Council and make public on County Website	January 7, 2022
Committee of the Whole budget review meeting for consideration and approval	Date to be determined (late January 2022)
Present 2022 budget by-law for Council adoption	February 10, 2022

## Legal and Legislated Requirements

Section 289 of the *Municipal Act*, 2001, as amended, provides for the following in regard to annual budgets;

Yearly budgets, upper tier

- (1) For each year, an upper-tier municipality shall, in the year or the immediately preceding year, prepare and adopt a budget including estimates of all sums required during the year for the purposes of the upper-tier municipality including,
  - a) Amounts sufficient to pay all debts of the upper-tier municipality falling due within the year;
  - b) Amounts required to be raised for sinking funds or retirement funds;
  - c) Amounts in respect of debenture debt of lower-tier municipalities for the payment of which the upper-tier is liable; and
  - d) Amounts required by law to be provided by the upper-tier municipality for any of its local boards, excluding school boards

Exception

(1.1) Despite subsection (1), a budget for a year immediately following a year in which a regular election is held, may only be adopted in the year to which the budget applies.

## Financial and Resource Implications

There is no financial impact above what has been approved in the 2021 budget.

## Relevant Consultation

- Internal Finance staff
- External (list)

## Appendices and Attachments

[2021 Budget Summary](#)

[2021 Budget Details](#)

[FR-CW-22-20 2021 Budget Timelines Report](#)