



Committee Report

To:	Warden Milne and Members of Grey County Council
Committee Date:	January 12, 2023
Subject / Report No:	FR-CW-03-23
Title:	2023 Budget Overview
Prepared by:	Mary Lou Spicer, Director of Finance
Reviewed by:	Kim Wingrove, Chief Administrative Officer
Lower Tier(s) Affected:	
Status:	Recommendation adopted by Committee as amended per Resolution CW22-23; Endorsed by County Council January 26, 2023, per Resolution CC11-23.

Recommendation

1. That report FR-CW-03-23 regarding the 2023 Budget Overview be received; and
2. That staff be directed to prepare the detailed budget package on the basis of the overview figures.

Executive Summary

Council's 2023 budget meeting has been scheduled for January 27, 2023.

This budget overview report provides Council with the estimated revenue, expenses and levy funding requirements that have been developed by staff.

A detailed budget document will be distributed in advance of the budget meeting. Council will be provided with presentations from each department, ask questions and provide recommendations in support of determining a final 2023 County budget. The final budget will come to a County Council meeting in February for formal adoption.

With this report, staff are seeking Council's support to prepare the detailed budget package on the basis of the budget overview figures. After considering assessment growth that has been estimated at \$1,591,700, the proposed 2023 net levy increase is \$2,450,000 or 3.66%.

The total proposed operating and capital expenditures for 2023 is \$226,071,000, an increase of \$39,500,600 (21.17%) over 2022. The budget includes investments for the future totaling 3.32% for the following initiatives:

- 1.57% of own source revenue (\$1,026,100) to support asset management based upon the asset management plan presented to Council in 2022. This is an increase of 0.36%

from the amount recommended in the prior asset management plan.

- 1% (\$635,100) to be placed in reserve for affordable housing initiatives and
- 0.75% (\$490,200) to be placed in reserve for future healthcare initiatives

Revenue increases include the amount being raised from taxation of \$4,030,100, almost \$16 million from grants and subsidies and \$19.7 million from reserves.

As an upper-tier municipality, Section 289 of the *Municipal Act, 2001* requires that the County annually prepare and adopt a budget including estimates of all sums required for the year.

Background and Discussion

Departments have used assumptions provided by the Finance, Human Resources and Information Technology departments for assessment growth, supplementary taxation and write-offs, insurance, salary and benefits, utilities, fuel, technology costs etc.

Recent pricing and best estimates have been used to develop the proposed budget. Inflation continues to impact operational costs and the ability to award capital projects within long planned capital budgets. Significant increases in the Non-Residential Construction Price Index (NRBCPI) continue. The twelve month change for the period ending September 30, 2022, was 15.6%; in comparison, the 2021 increase was 11.6%.

The 2023-2032 ten year capital forecast was presented last September; adjustments have been made since that time as the result of updated information, revised project costs and/or timelines and budget pressures. The link to the report and forecast can be found at the end of this report.

Significant work has been done at the staff level to review the draft budgets and adjust the bottom line to come to an overall proposed levy increase of 3.66%.

The [2023 Budget Summary](#) high level overview of the proposed investments and highlights for each of the budgets.

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 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 or 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

After taking growth of \$1,591,700 into consideration, the 2023 proposed budget as developed by staff and based upon the information available at the time this report was finalized requires a net levy increase of \$2,450,000 or 3.66% over 2022. The detailed budget package will provide an in depth look at revenue and expenses for each department for Council's consideration of any further spending adjustments.

Relevant Consultation

- Internal: Chief Administrative Officer, Deputy CAO, Senior Management Team, Managers and Finance Team
- External (list)

Appendices and Attachments

[FR-CW-16-22 2023-2032 Ten Year Capital Forecast](#)