



## Corporation of the Township of Brock

### Staff Report to the Mayor and Members of Council

**From:** Lisa Chen

**Position:** Director of Finance and Treasurer

**Title / Subject:** 2023 Budget

**Date of Report:** February 23, 2023

**Date of Meeting:** February 27, 2023

**Report No:** 2023-FI-003

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#### 1.0 Issue / Origin

Staff presented the proposed 2023 Budget to Committee of the Whole (COW) throughout January and February 2023. The budget documents have been updated to reflect these discussions and are attached to this report for Council's consideration and approval.

#### 2.0 Background

Continuing with the transition started during last year's budget process, capital budgets are now separated from the operating budget documents. The Committee of the Whole reviewed and deliberated the budgets in two sections:

##### Capital Budget

A capital project is an investment to build, add, or improve an asset that will provide benefits beyond a fiscal year and examples include buildings, parks, roads, and machinery. These assets support the delivery of municipal services to residents and businesses.

COW meetings were held on January 16, and January 30, 2023, to review the Capital Budget. Council approved the 2023 Capital Budget on January 30, 2023. Additional COW adjustments deliberated on February 16, 2023, are tabled for Council approval in this report.

##### Operating Budget

An operating budget is a financial plan that accounts for an organization's anticipated expenditures and revenues over the course of a fiscal year. It is a plan for the service delivery that residents rely on, such as road repairs, fire services, parks maintenance, and snow clearing. The Municipal Act requires that municipal governments maintain a balanced budget - operational costs must be fully paid for by all sources of revenues.

COW meetings were held February 9, 13 and 16, 2023 to review the Operating Budget. The revised Operating Budget is tabled for Council's approval in this report.

Draft documents were published on the Township's website and a **Public Meeting** for was held on February 13, 2023.

### 3.0 Analysis

#### a) Capital Budget (Appendix A and B)

The Capital Budget, in the amount of \$5,489,700 was approved by Council on January 30, 2023. Since then two adjustments were approved by COW on February 16, 2023:

1. Off Leash Dog Park - \$15,000 increase to existing project (20-001), to be funded from Capital Reserve Funds – Parks.
2. Torah Island Road Maintenance - \$15,000 increase to existing project (22-016), to be funded from Capital Reserve Fund - Torah Island Road.

The 2023 Capital Budget increased \$30,000 for a revised 2023 Capital Budget of **\$5,519,700**. The list of 2023 capital projects and funding sources are presented in Appendix A and B.

#### b) Operating Budget (Appendix C and D)

At the February 9, 2023, COW meeting, staff proposed a 2023 Operating Budget with a property tax levy impact of \$494,026, or a 5.01% increase. The budget incorporated pressures from inflationary pricing, labour shortages, supply chain disruptions and rising commodity prices. These external factors present budgetary pressures that were partially mitigated by a modest property assessment growth and rising interest rates that generates higher interest income.

COW deliberations and amendments reduced the property tax levy impact to **\$316,591**, or a **3.21%** increase for 2023:

2023 Operating Budget	Feb. 9, 2023	Feb. 16, 2023
Township of Brock	\$374,991	\$246,591
Brock Township Public Library	119,035	70,000
<b>2023 Property Tax Levy Pressure</b>	<b>\$494,026</b>	<b>\$316,591</b>
	<b>5.01%</b>	<b>3.21%</b>

Over three meetings, the Committee approved the following amendments resulting in the revised 2023 Operating Budget pressure of 3.21%:

Item	Consolidated Township of Brock 2023 Tax Levy Pressure	Feb. 9, 2023	Feb. 16, 2023
<b>Township of Brock, Feb. 9</b>		<b>\$ 374,991</b>	
1	Reduce Insurance Reserve Funding from \$25K to \$10K	15,000	
2	Reduce Conferences	(10,000)	
3	Reduce Legal Fees in Clerks reallocated to By-Law Enforcement	(7,000)	
4	Reduce transfer to Legal Reserves from \$100K to \$50K	(50,000)	
5	Continue transfer to Beaverton Harbour Reserve Fund started in 2022	50,000	
6	Reduce Arena Building Maintenance from \$28K to \$20K	(8,000)	
7	Remove Beaverton Arena - Covid Expenses	(16,000)	
8	Remove Sunderland Arena - Covid Expenses	(16,000)	
9	Reduce Public Buildings Consulting from \$25K to \$5K	(20,000)	
10	Remove New Staffing from Clerk's department	(40,900)	
11	Recalibration of benefits for all staffing adjustments	2,300	
12	Remove New Staffing – Labourer	(34,200)	
13	Fund 2023 impact of Mechanic from Tax Rate Stabilization and hold off hiring	(43,000)	
14	Remove Mechanic rate adjustment - maintain 2022 rate	(5,600)	
15	New Transfer to Capital Reserve Funds – Parks	50,000	
16	Continue funding for Not-for-Profit programs started in 2022	5,000	
<b>Township of Brock, Feb. 16</b>			<b>\$246,591</b>
<b>Brock Township Public Library, Feb. 9</b>		<b>\$119,035</b>	
17	Maintain Municipal Grant at prior year amount through use of Library Rate Stabilization Reserve	(49,035)	
<b>Brock Township Public Library, Feb. 16</b>			<b>\$70,000</b>
<b>Consolidated 2023 Tax Levy Pressure - Feb. 16</b>			<b>\$316,591</b>

In addition, two items had been proposed but subsequently removed and are not included in the above listing. The net budget pressures by department are listed in Appendix C and D.

#### 4.0 Related Policies / Procedures

Budget, Procurement Policy, Expenditure Authority

## 5.0 Financial / Budget Assessment

The 2023 Operating Budget is \$14,130,626, with 45% of expenditures in personnel costs and 75% of revenues from property taxes:

Expenditures		2023 Budget	2022 Budget	Increase (Decrease)
Personnel	45%	\$6,407,700	\$6,119,700	\$288,000
Administration	3%	480,250	480,800	(550)
Professional Services	4%	550,200	670,000	(119,800)
Repairs and Maintenance	13%	1,808,900	1,600,700	208,200
Materials and Supplies	11%	1,508,050	1,374,400	133,650
Finance Charges	1%	168,400	140,926	27,474
Grants and Special Programs	7%	1,021,026	1,097,991	(76,965)
Contributions to Reserve Funds	15%	2,186,100	2,456,600	(270,500)
	100%	<b>\$14,130,626</b>	<b>\$13,941,117</b>	<b>\$189,509</b>

Revenues		2023 Budget	2022 Budget	Increase (Decrease)
Property Taxes	75%	\$10,531,591	\$10,026,191	\$505,400
Grants	8%	1,070,000	1,457,926	(387,926)
User Fees, Permits and Charges	11%	1,529,400	1,212,200	317,200
Interest and Investments	3%	480,000	375,000	105,000
Contributions from Reserve Funds	4%	519,635	869,800	(350,165)
	100%	<b>\$14,130,626</b>	<b>\$13,941,117</b>	<b>\$189,509</b>

Contributions to Reserve Funds and Contributions from Reserve Funds are listed in Appendix E and F respectively, while the Operating Budget details by Department are in Appendix G.

### Impact of the Tax Levy Increase to Residential Taxpayer

MPAC is responsible for updating the property assessment values every four years, except in 2020 when it was deferred due to the pandemic. Typically, the changes are phased-in over the next four years. It is important to note that assessment value changes do not affect the total amount of taxes received by the Township. The property tax rates are re-evaluated annually to provide the same tax revenue. However, there may be fluctuations between individual homeowners, where some may increase or decrease, depending on how their property assessments have changed compared to the Township average.

The average property value assessment for a single, detached residential property in the Township of Brock is \$314,900. The tax bill includes amounts for the Township along with amounts collected on behalf of the Region of Durham and the School Boards. In 2023, the Township's 3.21% tax levy increase represents an annual increase of \$47.23 on the Township's portion of the tax bill. The Region of Durham has proposed an increase of no more than 5%, to

be deliberated by the end of March 2023. The School Board portion is assumed to remain the same. On the total tax bill, Brock's portion of the increase is 1.2%.

Portion	Total Bill	2022 Annual	2023 Increase	Total Bill Increase	2023 Annual	2023 Monthly
<b>Durham Region</b> - 5.00% (estimate)	49.7%	\$1,928.09	\$96.40	2.5%	\$2,024.49	\$168.71
<b>Brock Township</b> - 3.21%	37.9%	1,471.31	47.23	1.2%	1,518.54	126.55
<b>School Boards</b>	12.4%	481.80	-	0.0%	481.80	40.15
<b>Total</b>	<b>100.0%</b>	<b>\$3,881.20</b>	<b>\$143.63</b>	<b>3.7%</b>	<b>\$4,024.83</b>	<b>\$335.40</b>

### Property Tax Revenue

The 2023 Property Tax revenue, excluding supplementary taxes and upper levels of governments' payments-in-lieu of taxes, will be \$10,168,591, a \$445,400 increase from 2022:

- 2022 property tax – \$9,723,191
- 2023 property tax rate increase – \$316,591
- 2023 property assessment growth – \$128,809

Department	% of Brock Tax Bill	Monthly Tax Bill	2023 Budget	2022 Budget	Increase (Decrease)
<b>Public Works</b>	41.4%	\$52.34	\$4,206,300	\$4,081,500	\$124,800
<b>Parks and Recreation</b>	16.9%	21.37	1,716,900	1,661,100	55,800
<b>Fire and Emergency Services</b>	13.0%	16.47	1,323,200	1,302,100	21,100
<b>General Government</b>	10.6%	13.43	1,079,300	985,100	94,200
<b>Library Services</b>	7.0%	8.85	711,291	641,291	70,000
<b>By-Law, Traffic Control and Animal Services</b>	5.3%	6.68	536,850	525,500	11,350
<b>Public Buildings</b>	4.5%	5.72	459,700	451,200	8,500
<b>Development Services</b>	1.1%	1.37	109,850	47,800	62,050
<b>Health Centres and Cemeteries</b>	0.2%	0.23	18,500	20,900	(2,400)
<b>Grants to Community Groups</b>	0.1%	0.08	6,700	6,700	-
<b>Net Budget</b>	<b>100.0%</b>	<b>\$126.54</b>	<b>\$10,168,591</b>	<b>\$9,723,191</b>	<b>\$445,400</b>

## **6.0 Climate Change Impacts**

A number of capital projects will have an impact on climate change. The Capital Budget includes LED lighting upgrades, roof replacements and HVAC equipment replacements. In addition, Energy Conservation Demand Management Plan and Asset Management Strategy projects are also included in the 2023 Capital Budget.

## **7.0 Communications**

The Budget schedule, documents and meetings were posted on the Township website and advertised to the public throughout the months of January and February 2023. A public meeting was also held on February 13, 2023, at 6 p.m.

## **8.0 Conclusion**

The 2023 Operating Budget provides for a Property Tax Levy of \$10,168,591 (excluding supplementary taxes) which includes a \$316,591 (3.21%) budgetary increase over 2022.

## **9.0 Recommendation**

- a. BE IT RESOLVED that the report 2023-FI-003 regarding the 2023 Budget be received;
- b. That the 2023 Operating Budget in the amount of \$14,130,626, as detailed in Appendices C through G, be approved; and
- c. That the 2023 property tax levy in the amount of \$10,168,591 be approved, including a tax rate increase of 3.21%; and
- d. That the additional Capital Budget of \$30,000 be approved, for a revised 2023 Capital Budget of \$5,519,700, as detailed in Appendices A and B.