

The background of the slide features a large, faint, circular seal of the Auditor General of Ontario. The seal contains a central emblem with a tree and a landscape, surrounded by the text "AUDITOR GENERAL OF ONTARIO" and a decorative border with stars.

# Fiscal Update 2022-2023

# Year-to-Year Anomalies

## GASB #87 Accounting for Leases

- Increased Revenue and Expense related to qualified leases- Inflated \$33 million
- Presentation excludes this impact

## Sales tax Sharing with Municipalities

- Sales Tax Payments to municipalities increased almost \$4 million- New Agreement

## Transfers to Capital and Housing Trust Fund

- Funding Capital Projects with Fund Balance
- Housing Trust transfer- Expense of \$12.3 million

2022  
Operating  
Surplus  
\$2.9M

- General Fund Revenue \$554.4 million- increased \$33.1 million
  - \$12.3 million Transfer to Housing Trust Fund
  - \$10 million Increase in Federal Aid- ARP related to capital
  - \$5 million transfer to Shared Services Reserve
  - \$4.9 million Gains from Property Auctions post COVID
  - \$4 million- Sales Tax
  - \$2.6 million- Interest Earnings
  - (\$4.7 million) Increase in Deferred Revenue
- General Fund Expense \$551.5 million- increased \$87.2 million
  - \$22.8 million- Planned use of Fund Balance for Capital Projects
  - \$9.5 million- Use of ARP funds for Capital Projects
  - \$3.6 million to Payoff Debt
  - \$12.3 million Housing Trust
  - \$4 million MIG programming plus Law enforcement and fire
  - \$2 million Behavioral Health
  - \$4 million Pre-school Special Education and EI
  - \$10 million Economic Assistance and Opportunity

# 2022 Fund Balance

From \$119.5 million in 2021 to \$77.4 million in 2022

## Policy

- 1-2 Months of Operating \$46-92 million
- Use unassigned fund balance to pay down debt, avoid debt and provide tax relief

## Followed Policy in 2022

- Increase in Encumbrances
- Increase in Assigned fund balance use in the 2023 Budget
- \$12.3 million reduction in fund balance for Housing Trust Fund

2023

# 2023-2024 State Budget Impact

## Medicaid

- ACA eFMAP Admin Action \$6 million annual loss
- \$25-30 million loss for reconciliation amount

## Assigned Counsel Rate

- Rate increased from \$75/hr to \$158/hr 4/1/23
- Additional annual cost of \$2 million
- 50% covered by the State- \$1 million impact

## Dept Motor Vehicle

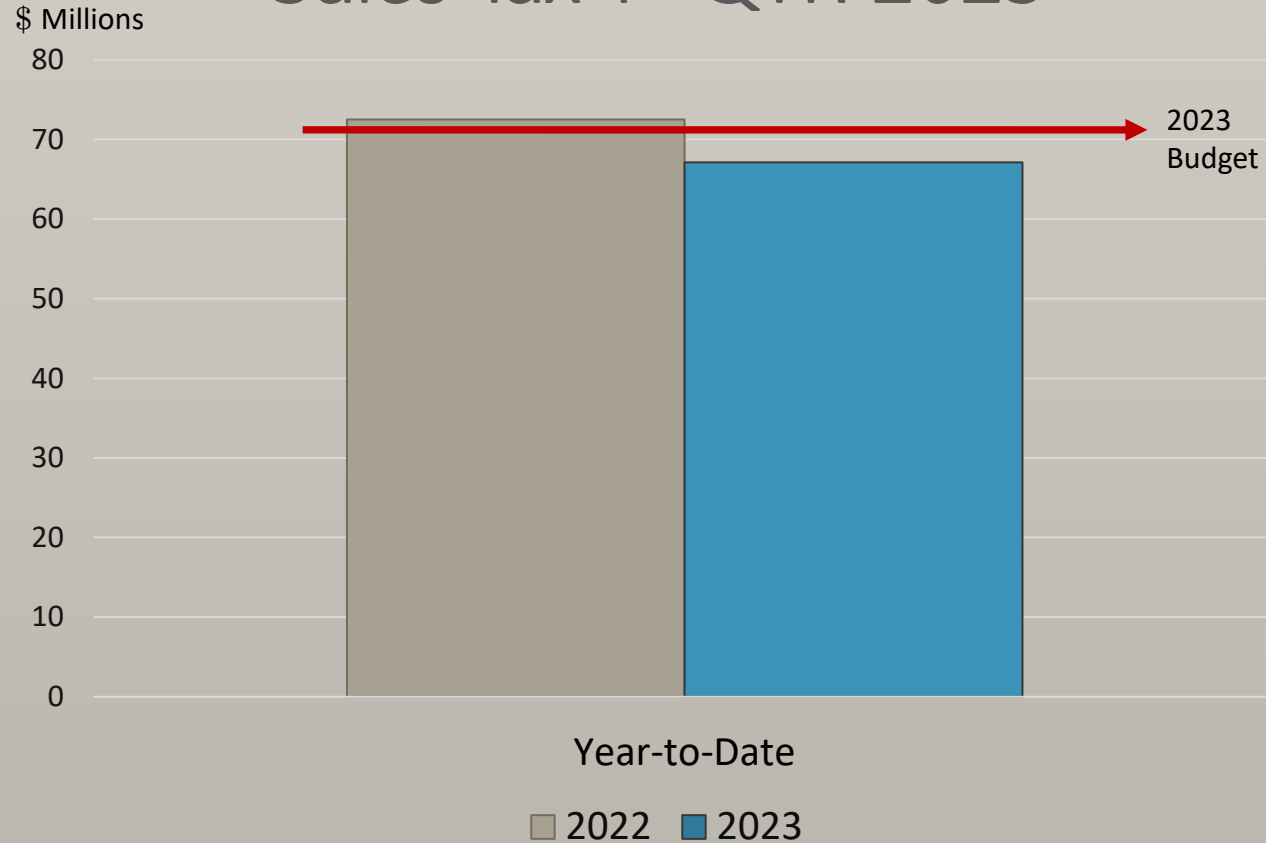
- Currently- 12.7% and 3.25% online
- 1/1/24- 10.75% of every transaction

## In Rem

- Legislature rejected
- May be passed outside of budget
- Loss would be \$2-5 million

# 2023

## Sales Tax 1<sup>st</sup> QTR 2023



- Sales tax supports 42% of Budget
- Sales tax 1<sup>st</sup> Qtr down (\$5.4M) or (10%) lower than last year.
- Mid July we'll get reconciliation for 2<sup>nd</sup> Quarter

# ECONOMIC CONDITION

- Unemployment 2.3% April
- Inflation 5% easing from last year as interest rates rise and spending and demand declines
- Housing Market- Average Current Selling price down (15%) and volume down (40%) from this time last year.
- Jobs market is propelling the economy
- Growth slowing and inflation decelerating
- Hard to tell if we have yet to feel the full impact from Fed reserve changes as they lag
- Recession risk increases as interest rates go up and lending standards tighten
- 2024 is uncertain



# 2024 Challenges

- All Union contracts are settled- salary increases
- Health Insurance continues to increase
- State Pension suffered losses- likely mean increase as much as 15%
- Child institution costs increasing- additional appropriations may be necessary in 2023
- State has plans to increase pre-school special education rates
- Medicaid will increase next year
- Debt Service increasing

# Debt Service

2023- \$22.4M

2024- \$25.2M Current projects & JTC fully Funded

2025- \$30.1M Includes:

Recurring-

- 60, 10, 22 Market HVAC
- 2023 Highway / Bridge
- 2023 Roofs
- Rail Trail Improvement
- Law Enforcement and Other Vehicles
- Capital Equipment

Special-

- Falkill Dam
- Veteran's Memorial
- Radio Project
- Security System
- Northside Line
- Nooteeming Dining Hall
- YOU

QUESTIONS?