

Committee of the Whole (2) Report

DATE: Monday, December 12, 2022 **WARD(S):** ALL

TITLE: 2023 INTERIM APPROPRIATIONS

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: DECISION

Purpose

To establish 2023 Interim Appropriations to enable property tax supported and rate supported City programs to have the necessary spending authority to continue to deliver current services and meet existing contractual commitments until the 2023 Budget is approved by Council.

Report Highlights

- The Council approved operating budget provides the spending authority for the City to deliver programs and services that are supported by property taxes and user rates and fees for the year.
- The 2023 Budget will be tabled in January 2023 and considered for approval by Council in February 2023.
- In advance of budget approval, spending authority is required for the City to continue to deliver services and meet its financial commitments for property tax supported and rate supported programs beginning on January 1, 2023.
- Interim appropriations requested for property tax supported and rate supported operating expenditures represent 30 per cent of the 2022 gross operating budget.
- Spending authority for existing capital projects in 2023 has been granted with approval of the 2022 and prior years' capital budgets and the planned cash flows for 2023.

Recommendations

1. THAT Council approve 2023 Interim Appropriations for property tax supported operating expenditures not exceeding \$99,960,314, which represents 30 percent of the 2022 gross operating budget of \$333,201,046 as detailed in Attachment 1.
2. THAT Council approve 2023 Interim Appropriations for rate supported operating expenditures not exceeding \$53,880,000, which represents 30 percent of the 2022 gross operating budget of \$179,600,000 as detailed in Attachment 1.

Background

The City of Vaughan's operating and capital budgets are typically approved in December before the new fiscal year begins. However, according to Section 290 (1.1) of the Municipal Act, 2001, a budget for a year directly after an election year may only be adopted in the year to which the budget applies, not in the year prior. As a result, the 2023 City of Vaughan's operating and capital budgets cannot be approved prior to the January 1st start of the 2023 fiscal year.

The interim appropriations authority will ensure payments for programs and services continue until the 2023 budget is approved in February 2023.

The Operating Budget Policy 12.C.11 identifies that in any fiscal year for which the budget is not approved by Council before December 31st of the preceding year, Council shall adopt an interim operating budget that does not exceed 50 percent of the preceding years annual operating budget before January 1st of the budget year.

Previous Reports/Authority

[2022 Budget Approval](#)

[Operating Budget Policy 12.C.11](#)

Analysis and Options

Interim Appropriation for Property Tax Supported Operating Expenditures

The proposed interim appropriation authority for operating spending is \$99,960,314 which is 30 percent of the approved 2022 gross operating expenditure budget for property tax-based programs. This is less than the 50 percent maximum identified in the Operating Budget Policy 12.C.11 and aligns with expected spending needs in the first quarter of 2023. Attachment 1 details interim appropriations for operating spending by portfolio.

Interim Appropriation for Rate Supported Operating Expenditures

The proposed interim appropriation authority for operating spending is \$53,880,000 which is 30 percent of the approved 2022 gross operating expenditure budget for rate-

based programs. Rate supported services such as Water, Wastewater and Stormwater are 100% funded by rate payers. The proposed interim appropriation will provide the spending authority to maintain existing services and meet contractual obligations.

Interim Appropriation Not Required for Existing Capital Projects

Interim Appropriation for existing capital projects and programs is not required as spending authority was provided by Council with approval of the 2022 Capital Budget in December 2021. This spending authority applies to unspent 2022 cash flow to be carried forward to 2023, and approved capital budgets from 2022 and prior years with planned cash flow for 2023. Unspent 2022 cash flow as of September 30, 2022 was \$164,255,381 and total planned cash flow in 2023 for projects approved in the 2022 and previous years' capital budgets amounts to \$296,627,607.

It should be noted that no funding for new/enhanced services or new capital projects is included in the recommended 2023 Interim Appropriations. Any consideration for new funding is subject to the 2023 Budget process, with the 2023 Staff Recommended Operating and Capital Budgets to be tabled in January 2023.

Financial Impact

The recommended Interim Appropriations for 2023 Tax Supported operating expenditures total \$99,960,314. The recommended Interim Appropriations for 2023 Rate Supported operating expenditures total \$53,880,000. The Interim Appropriations provide an interim budget to ensure that adequate spending authority is in place for all property tax supported and rate supported programs and services until Council approves the 2023 Budget.

Broader Regional Impacts/Considerations

The recommendations included in this report do not have broader regional impacts beyond the City of Vaughan.

Conclusion

Council approval of interim appropriations is required to authorize property tax supported and rate supported operating expenditures starting January 1, 2023, prior to approval of the 2023 Budget. Interim appropriations enable the City to continue to deliver programs and meet its financial commitments before the budget is approved.

For more information, please contact:

Michael Marchetti, Director, Financial Planning & Development Finance, ext. 8271
Kenneth Quan, Manager, Corporate Financial Planning & Analysis, ext. 8029

Attachment

1. 2022 Operating Budget Summary by Portfolio

Prepared by

Nneka Usifoh, Senior Financial Analyst, ext. 8724
Kelly Sutton, Supervisor - Fiscal Planning & Policies, ext. 8252

Approved by



Michael Coroneos, DCM, Corporate Services, City Treasurer and CFO

Reviewed by



Nick Spensieri, City Manager