

THE CORPORATION OF THE CITY OF CORNWALL

TOWN HALL MEETING *RÉUNION PUBLIQUE*

2008 BUDGET PRESENTATION *PRÉSENTATION DU BUDGET 2008*

Monday, February 11, 2008
CORNWALL CIVIC COMPLEX
SALON 'B'
100 WATER STREET EAST.

Recorded as:

COUNCIL MEETING #003/08

At the hour of 6:00 p.m., Mayor Bob Kilger welcomed citizens, Members of Administration and Council Members in attendance, after which he introduced Mr. David Dick, General Manager of Financial Services and Treasurer who would be delivering the presentation on 2008 Budget.

PRESENTATION *PRÉSENTATION*

2008 BUDGET Presentation

Mr. David Dick, General Manager of Financial Services and Treasurer, through a Power Point presentation began by providing a brief overview of the purpose of reserves and reserve funds. He indicated that reserves and reserve funds had been established for a variety of purposes. Typically, reserves are established for future capital acquisitions but can be used to mitigate expected increases in operational costs. Total reserves and reserve funds at December 31, 2007 amount to \$46,925,187 with the major component being the Progress Fund. Other major reserves include Working Capital, Gas Tax, Brownfield's, Sewer, Social Housing, Hospital, Cornwall Square Sale.

Unrestricted Reserves currently totaled \$2,882,196. Working reserves were established to provide funds for unexpected requirements . Annual surplus appropriated to W/C reserve. Any "out of budget" expenditures are to be returned in the next budget year

Restricted Reserves are currently at \$7,400,797. Council has specified uses for a majority of reserves including a commitment to purchases of various capital, water, sewer and Heart of the City/Brownfield initiatives. A number of smaller reserves have been established for health & safety, insurance, elections, social housing...

Reserve Funds were established for specific purposes - Restricted cash balances
Progress Fund established through By-Law 84-2000 is To be used for the betterment of the residents and to improve the quality of life for the residents of the City of Cornwall. Mr. Dick indicated that the principal of this Fund is to be accessed with 100% vote of entire council
The Progress Fund, through Bylaw 128-2001 further provides that funds are to be used for investments in projects to improve the quality of life ; Funds for financing new facilities that are City owned and operated; Funds for financing new facilities owned and operated by the private/public sector that are not-for-profit; Funds for capital improvements of existing recreational and cultural facilities owned and operated by the City ; Funds for capital improvements of existing recreational and cultural facilities that are owned and operated by the private/public sector that are not-for-profit

As of Today, the Progress Fund Balance is as follows:

	Progress Fund
Expected Balance 12/31/07	\$26,252,000
Investment income to 2012	5,449,000
Hospice - 2008	(500,000)
Boys & Girls Club – 2008	(205,000)
Hospital - 2010,2011,2012	<u>(4,400,000)</u>
Estimated balance in Progress Fund - 2012	\$26,596,000
Investment income 2013	<u>1,090,000</u>
Estimated balance in Progress Fund - 2013	<u>\$27,686,000</u>

Hospital commitment from special reserve in 2009 (2,400M) and 2010 (1,600M)

Sale of Cornwall Electric

	Debt	Progress
Balance of Funds'98	38,341	25,000
Interest revenue	6,193	12,009
Transfer to current fund	(40,186)	(500)
Transfer to capital fund	<u>(3,837)</u>	<u>(9,675)</u>
Balance of Funds '07	<u>511</u>	<u>26,834</u>

Proceeds from the sale were laddered to provide a revenue stream equal to debt payments. The City has effectively retired \$40M of debt from sources other than the tax base. New debt issued in recent years relating to acquisition of vehicles. Outstanding debt at year end of \$2,346,639. Major capital projects (Multipad Arena and WWTP) will require borrowing . Report to Council February 5th 2005, confirmed at recent strategic planning session

The 2008 Draft budget has been prepared through Council direction for 2% budget increase over the 2007 approved Budget.

What does this mean?

2% levy increase - 2007 tax levy + 2%	(48,974,225 + 979,485)
2% tax rate increase - 2007 tax rate + 2%	(48,974,225 + 1,031,861)
2% expenditure increase	(130,771,821 + 2,615,436)

Tax Levy 2007 vs. 2008

The 2008 assessment at 2007 tax rates generate an additional \$52,374 in taxation revenue. Assessments were frozen in 2007 and will be reassessed in 2009 based on January 2008 values. Increases will be phased-in over four years and will tie into 4 year assessment cycles. Education rates for non-residential classes will be reduced to a target rate of 1.60 by 2014. Any new building activity will be taxed at the new rate with all others tax reductions being phased in over seven years.

City Council has a variety of expenditures for which they have little control, by virtue of Provincial legislation and/or regulation or by By-Law. Included in non-controllable expenditures are Social Services and Housing, The GSDL, Land Ambulance, Policing, Contributions to the Health Unit and RRCA.

Wages comprise approximately 32% of the total budget. Wages and benefits is set at \$43M. Benefits have risen due to increases in premiums for dental, extended health and hospital care. Wage and benefits have increased by \$1,667,978 (4.07%).

Purchase of Goods include expenditures on items such as utilities, salt, sand, pool chemicals, building materials and supplies, medical supplies, fuel, hardware and software, parts and accessories for vehicles and equipment. Overall increase of \$357,668.

Expenditures classified as services and rent include:

Lease costs, costs for Ontario Works and child care services, contracted services, advertising, communications, special projects and rental of equipment. Overall increase in costs of \$930,155.

Financial services include expenditures for the following:

Tax write-offs, assistance to unemployed, transfers to reserves and capital projects, ODSP transfers, social housing payments, payments to outside agencies. Total expenditures decreased by \$2,091,264.

Question Period

There were no questions or comments offered by members of the Assembly.

ADJOURNMENT

The Town Hall Meeting adjourned at 6:50 p.m.