



## **The Corporation of the Township of Seguin**

### **Finance Committee Agenda**

**Tuesday, May 12<sup>th</sup>, 2026 at 4:00 p.m.**

**Township of Seguin Municipal Office and by Electronic Participation**

---

- 1. Call to Order and Approval of the Agenda. ®**
- 2. Declaration of Possible Pecuniary Interest.**
- 3. Adoption of Minutes of the Regular Meeting of the Committee held November 10<sup>th</sup>, 2025. (see attached) ®**
- 4. Update re Chief Financial Officer.**
- 5. Review & Discussion - Draft Multi-Year Budget Policy. (see attached)**
- 6. Review & Discussion - Draft Capital Levy Reserve Policy. (see attached)**
- 7. Next Meeting Date.**
- 8. Adjournment. ®**



**The Corporation of the Township of Seguin  
Finance Committee**

**Minutes of a Meeting held November 10<sup>th</sup>, 2025**

---

A meeting of the Township of Seguin Finance Committee was held November 10<sup>th</sup>, 2025 at the Township of Seguin Municipal Office Council Chambers and by electronic participation.

The following Members were present:

- Craig Reith, Acting Chair (Council Chambers)
- Jim Beatty (videoconference)
- Dan Hildebrandt (Council Chambers)
- Wolfgang Mersch (Council Chambers)
- Walter McCormick (videoconference)

Staff present:

- Jason Inwood, Chief Administrative Officer (CAO)
- Andrea Spinney, Deputy Clerk

**Resolution No. 2025-013**

**Moved by:** Wolfgang Mersch

**Seconded by:** Dan Hildebrandt

**“THAT** we do now convene this Regular Meeting of the Township of Seguin Finance Committee at 4:02 pm.”.

**CARRIED**

Walter McCormick joined the meeting at this time.

**Approval of Agenda.**

After the meeting was called to order, the Deputy Clerk requested approval of the Agenda. The Agenda was approved as circulated.

**Disclosure of Pecuniary Interest.**

The Deputy Clerk requested the disclosure of any possible pecuniary interests. None were declared.

**Resolution No. 2025-014**

**Moved by:** Wolfgang Mersch

**Seconded by:** Dan Hildebrandt

**“THAT** the Township of Seguin Finance Committee does hereby appoint Craig Reith as Acting Chair for the November 10<sup>th</sup>, 2025 meeting of the Committee.”.

**CARRIED**

Craig Reith assumed the position of Acting Chair for the remainder of the meeting.

**Resolution No. 2025-015**

**Moved by:** Walter McCormick

**Seconded by:** Jim Beatty

**“THAT** the Township of Seguin Finance Committee does hereby approve the Minutes of the Regular Meeting of September 9<sup>th</sup>, 2025 as circulated.”.

**CARRIED**

The Finance Committee reviewed the staff proposed 2026 budget presented to Council on October 20<sup>th</sup> and the November 3<sup>rd</sup> staff memo summarizing Council's input on the staff proposed budget. The CAO advised that following Council's November 3<sup>rd</sup> discussion, the current target is a 4.539% total tax rate increase, which includes external levies, and the Mayor will consider this when preparing the Mayor's Proposed Budget that will be presented on November 17<sup>th</sup>. The Committee directed the CAO to advise the Mayor that it supports a 2026 budget consistent with the November 3<sup>rd</sup> Council discussions and a 4.539% tax rate increase.

Furthermore, the Committee recommended the Township continue pursuing new revenue generating opportunities and communicating to the public that a large portion of the tax rate increase is driven by external levies, notably the Ontario Provincial Police.

**Resolution No. 2025-016**

**Moved by:** Dan Hildebrandt

**Seconded by:** Wolfgang Mersch

**“THAT** the Township of Seguin Finance Committee does hereby adjourn at 4:58 pm to meet again at the call of the Chair.”.

**CARRIED**

---

***Craig Reith,  
Acting Chair***

---

***Andrea Spinney  
Deputy Clerk***

DRAFT

## Seguin Township Multi-Year Budget Policy (4-Year Approval)

- Policy No.: FIN-XX
- Effective Date: [Council approval date]
- Next Review: At least once per Council term
- Approved by: Council

### 1. Purpose

- Establish a four-year, term-of-Council budget framework aligned to Council's Strategic Plan and Strong Mayor budget provisions, delivering cost certainty, transparency, and long-range financial sustainability while meeting statutory annual readoption requirements.

### 2. Legislative Authority

- Municipal Act, 2001: s.290 (budgets), s.291 (multi-year budgets and annual review/readoption), s.286 (Treasurer).
- Part VI.1 (Strong Mayor Powers) and related regulations (e.g., O. Reg. 530/22) governing Head of Council budget timelines/process.
- O. Reg. 284/09 (Budget Matters—Expenses).
- O. Reg. 588/17 (Asset Management Planning for Municipal Infrastructure).
- O. Reg. 403/02 (Annual Repayment Limit, ARL).

### 3. Scope

- Applies to all tax-supported operating and capital budgets for Seguin and local boards/commissions for which Seguin must levy or provide funds. Rate-supported budgets may adopt this framework by reference.

### 4. Definitions

- Multi-Year Budget (MYB): Council-approved operating and capital budgets for four consecutive fiscal years, subject to annual review and readoption per s.291.
- Annual Budget Update/Readoption: The yearly process to review assumptions, adjust within permitted scope, and readopt the budget for the next fiscal year.
- Housekeeping Adjustments: Administrative budget transfers without change to net tax levy or approved capital project scope.
- Re-opener Trigger: Exceptional circumstance allowing reopening of the MYB outside the annual update window; for Seguin, set at  $\geq 1.0\%$  of net levy impact.

### 5. Policy Statement

Seguin will:

- Approve a four-year MYB aligned to Council’s Strategic Plan, Strategic Asset Management Policy/Plan, long-term capital forecast, and financial policies.
- Comply with balanced-budget requirements, annual readoption, and the Strong Mayor budget process/timelines.
- Operate within ARL and Seguin’s debt/reserve policies.
- Limit mid-cycle adjustments to defined annual update categories and extraordinary re-opener triggers.

## 6. Budget Period and Initial Cycle

- Standard Cycle: Four consecutive fiscal years aligned to a Council term.
- Initial Cycle: Adopt in 2027 for fiscal 2027–2030 to align with the next term of Council.
- Subsequent cycles will follow the same alignment unless Council directs otherwise.

## 7. Strong Mayor Budget Framework Integration

- Head of Council (Mayor) Responsibilities:
  - Proposes the annual budget under Part VI.1, inclusive of the MYB or the Annual Budget Update, consistent with this policy’s scope and parameters.
  - Observes statutory submission dates, public notice, and amendment/veto/override timelines.
- Council Responsibilities:
  - Considers and may amend the mayor’s proposed budget within statutory timelines; adopts the MYB and the Annual Budget Updates.
- CAO and CFO Treasurer:
  - Ensure the MYB materials prepared for the Mayor reflect this policy, incorporate statutory reports (e.g., O. Reg. 284/09), and meet all deadlines.

## 8. Roles and Responsibilities

- Council: Adopts MYB and annual updates; sets tax policies; adopts O. Reg. 284/09 report; approves re-openers.
- Mayor/Head of Council: Leads the statutory budget process under Part VI.1; tables the proposed MYB/updates.
- CAO: Ensures corporate alignment to Council priorities and oversees integrated business planning.
- Treasurer (s.286): Leads development, compliance checks (balance, ARL), reserve strategy, variance reporting, O. Reg. 284/09 report, and annual readoption process.
- Department Heads: Provide four-year service plans, budget submissions, performance measures, and in-year forecasts.
- Local Boards/External Levies: Submit budgets in required form by specified deadlines for integration.

## 9. Annual Budget Update and Readoption (Years 2–4)

- Each year, the Treasurer prepares an Annual Budget Update package for the Mayor's consideration that:
  - Reviews base assumptions (inflation, assessment growth, wage settlements, OPP contract impacts, utilities/fuel, interest rates).
  - Confirms compliance (balanced budget; ARL; reserve targets; O. Reg. 284/09 report).
  - Recommends allowable changes (below) and readoption of the current year and any necessary out-year adjustments.
- Allowable Change Categories during Annual Update:
  1. New or amended legislation/regulations/court or tribunal decisions.
  2. New Council direction after MYB approval.
  3. Material macroeconomic changes affecting costs or revenues, including assessment growth variance.
  4. Material grant/funding changes, intergovernmental agreements, or external levy changes.
  5. Technical/housekeeping adjustments with no net-levy impact.
  6. Realignment to maintain asset management and level-of-service commitments.

## 10. Extraordinary Re-opener Triggers (outside Annual Update)

Council may reopen the MYB, on CAO and Treasurer recommendation, only if one or more occur:

- Provincial/federal actions or court/tribunal decisions changing Seguin's revenues/expenditures by  $\geq 1.0\%$  of the affected year's net levy.
- Declared emergencies/natural disasters with net fiscal impact  $\geq 1.0\%$  of net levy after reserves/insurance.
- Structural revenue loss (e.g., assessment/grant loss)  $\geq 1.0\%$  of net levy.
- Compliance risks that cannot be addressed within existing appropriations (e.g., ARL headroom, statutory obligations).

All re-openers require a public staff report identifying impacts, options, and recommended adjustments.

## 11. Financial Planning Principles and Parameters

- Structural balance: Avoid using one-time revenues for ongoing costs; pair one-time uses to one-time needs.
- Reserves/reserve funds: Maintain stabilization reserves for volatility (weather, winter control, fuel, OPP, assessment appeals); adopt targets through Reserve Policy and report on variances annually.
- Debt: Use for long-life capital and the vehicle capital replacement program; remain within ARL; disclose ARL headroom at adoption and annually.

- Capital and Asset Management: Align the four-year capital program to the Strategic Asset Management Policy/Plan; demonstrate lifecycle funding, risk, and level-of-service impacts.
- User fees: Apply Council's Fees and Charges Policy; include indexing/full-cost-recovery analysis as appropriate.
- Budget basis: Where PSAB non-cash items are excluded per O. Reg. 284/09, present the required annual report before adoption, including impact on accumulated surplus and future cash requirements.

## 12. Public and Stakeholder Engagement

- At minimum for each MYB cycle and Annual Update:
  - Budget Directions report published in advance.
  - Public information and input opportunities (online materials; ability to submit comments/delegations).
  - Publication of the Mayor's proposed MYB/Annual Update and any staff supporting documents before consideration.

## 13. Business Planning and Performance

- Departments submit four-year service plans with:
  - Objectives tied to the Strategic Plan
  - Levels of service and key risks/mitigations
  - Performance measures and annual reporting
- Periodic and regular variance reporting to Council will track operating and capital results and forecast year-end position; results inform reserve strategies and the next Annual Update.

## 14. Delegated Administrative Authorities

- Treasurer may:
  - Execute housekeeping operating and capital transfers that do not change the net levy or approved capital scope/schedule.
  - Provide interim spending authority based on prior-year appropriations until the MYB/Annual Update is adopted.
- Any change to the net levy or approved project scope requires Council approval via the Annual Update or a re-opener report.

## 15. Local Boards and External Levies

- The Treasurer will prescribe submission dates and formats for boards/commissions/external levy bodies to integrate with Seguin's MYB/Annual Update timelines under the Strong Mayor framework.

## 16. Implementation Timeline for the Initial Cycle (2027–2030)

- Q1 2027: Council approves this Policy and companion updates (Reserve/Reserve Fund Policy, Debt Policy, Procurement alignment if required).
- Q2 2027: Budget Directions Report (assumptions, capital envelope, reserve targets, ARL outlook, OPP cost outlook, growth projections).
- Q3–Q4 2027: Public engagement; departments prepare four-year service plans and budget submissions.
- Late 2027: Mayor tables proposed 2027–2030 MYB within statutory timelines; notice and consideration per Part VI.1; Council decision.
- Annually (2027–2029): Mayor tables Annual Budget Update for the subsequent year; re-adoption completed within statutory timelines.
- 2030: Final year executed; incoming Council reconfirms approach for next cycle.

## 17. Reporting

- Pre-adoption: O. Reg. 284/09 report; ARL headroom; reserve forecast; asset management alignment statement.
- In-year: variance reports; capital work-in-progress status.
- Year-end: Operating surplus/deficit disposition report; reserve status; update to long-term capital plan and asset management funding gap.

## 18. Review

- This policy will be reviewed at least once per Council term or earlier if legislation changes.

# Capital Levy Endowment Reserve Fund (CLERF)

## 1) Purpose

- Establish a dedicated, permanent funding mechanism to address the Township's infrastructure deficit identified in the Council-adopted Asset Management Plan (AMP).
- Build a capital endowment-style fund whose investment income will sustainably fund a portion of the capital program over time, while preserving the inflation-adjusted value of the corpus.

## 2) Scope and Definitions

- "CLERF" means the Capital Levy Endowment Reserve Fund established by this policy and the enabling by-law.
- "Levy Base" means the approved current-year municipal tax levy for general municipal purposes (tax-supported), before adding the CLERF contribution.
- "Sustainable Spending Rule (SSR)" means the mechanism that determines the annual maximum amount available to fund the capital program from CLERF.
- "Corpus" means the accumulated principal of CLERF.
- "Realized Investment Income" means interest and coupons, realized capital gains/losses, less investment fees allocated to CLERF.

## 3) Eligible Uses

- CLERF may fund renewal, rehabilitation, and replacement of tax-supported assets (e.g., roads, bridges, culverts, facilities, parks, fire apparatus, fleet) included in the AMP and capital budget.
- CLERF shall not fund rate-supported services (e.g., water/wastewater), growth-related costs eligible for recovery from Development Charges, or operating expenses.
- CLERF may co-fund projects with external grants or DCs where the CLERF share is limited to the non-growth (renewal/rehab) portion.

## 4) Contributions (Dedicated Capital Levy)

- Annual contribution equals 1.5% of the current year's approved budgeted municipal tax levy ("Levy Base").
- The CLERF contribution is included in the tax levy presentation but shall be budgeted as a transfer to a Discretionary Reserve Fund under s.417.
- For clarity, unless Council resolves otherwise, the Levy Base:
  - Excludes: payments-in-lieu of taxes (PILs), supplementary/omitted taxes, penalties/interest, local improvement charges, and special area rates.
  - Excludes the CLERF contribution itself (i.e., calculated on the levy before adding CLERF).
- Council may, by resolution, temporarily increase the contribution above 1.5% in any year; reductions require a replenishment plan (see Section 10).

## 5) Investment Framework

- CLERF funds shall be invested per Municipal Act s.418 and O. Reg. 438/97 (standard eligible list) and the Township's Investment Policy. Interest and investment earnings are credited directly to CLERF.
- If Council adopts Prudent Investor (s.418.1), CLERF will be managed under the approved Investment Board/Joint Investment Board governance. The Treasurer will return with recommended SSR parameters within 90 days of transition.

## 6) Sustainable Spending Rule (SSR)

- Objective: provide stable, predictable support to the capital program while preserving the purchasing power of the corpus over the long term.
- Annual Distributable Amount (ADA) for the budget year is the lesser of:
  1. Spending Rate  $\times$  the 5-year moving average of CLERF market value as at each prior December 31, and
  2. Realized Investment Income from the prior fiscal year plus any available balance in the CLERF Stabilization Sub-Account.
- Initial Spending Rate: 3.5% per year.
  - The Treasurer shall recommend, as part of each budget, whether to keep the rate within a 3.0%–4.0% corridor based on long-term capital market assumptions, inflation outlook, and investment constraints.
- Stabilization Sub-Account:
  - Up to 0.5% of corpus annually may be retained from realized income to a stabilization sub-account to smooth ADA across years.
  - Negative stabilization balances are not permitted.
- Inflation Protection:
  - The budgeted draw (ADA) will not exceed Realized Investment Income net of an inflation "lock-in" equal to CPI for Ontario  $\times$  CLERF market value, applied on a best-efforts basis. Where CPI would reduce ADA below 0, ADA is set to 0 and income is retained to protect corpus.

*Note: In early years, realized income may be modest; ADA may be \$0. Council should expect CLERF's draw to ramp up as the corpus grows.*

## 7) Draws and Appropriation

- Only the ADA may be recommended for use in the capital budget unless Council declares a CLERF Emergency (Section 10).
- Draws must be appropriated through the annual capital budget/by-law and linked to specific AMP-identified projects.
- Unused ADA lapses at year-end and remains in CLERF (or the stabilization sub-account if budgeted).

## 8) Prohibitions and Protection of Corpus

- No internal borrowing from CLERF, except cash-flow bridging within the same fiscal year with immediate repayment.

- No use of CLERF for operating or rate-supported expenditures.
- No pledging of CLERF assets as collateral.

## 9) Targets and Triggers

- Indicative Long-Term Target: corpus at least equal to three years of average AMP annual renewal need (rolling 10-year AMP), reviewed every four years.
- Information triggers (no automatic effect): if the 10-year AMP renewal need increases by >10% or CPI exceeds 4% for two consecutive years, the Treasurer will report on SSR adequacy and contribution sufficiency.

## 10) Variations, Suspension, and Replenishment

- Emergency Use of Principal: permitted only for declared local emergencies or critical capital failures affecting health/safety or core levels of service, and requires:
  - Vote of Council,
  - CAO/Treasurer certification of need,
  - A replenishment plan to restore the real value of corpus within five years.
- Temporary Suspension or Reduction of the 1.5% contribution requires a replenishment plan approved with the budget that restores foregone contributions within three years after the suspension ends.

## 11) Accounting and Internal Reporting

- CLERF is established as a Discretionary Reserve Fund by by-law under s.417 with a separate bank/G/L and interest allocation.
- For internal financial reporting:
  - CLERF is excluded from “reserve fund balance” totals used for reserve adequacy ratios.
  - CLERF is shown on a separate schedule with: opening corpus, contributions, realized income, stabilization activity, ADA, market value, and ending corpus.
  - Parallel indicators are reported:
    - Sustainable Draw Capacity (SSR) vs. AMP annual renewal need
    - Corpus as a % of three-year average AMP renewal need
    - 5-year rolling real (CPI-adjusted) corpus preservation status
- Annual external financial statements will continue to report CLERF under PSAS as a reserve fund balance.

## 12) Governance and Roles

- Council: sets policy and by-law, approves the tax levy contribution and annual ADA in the capital budget.
- CAO: ensures alignment with the Strategic Plan and AMP; authorizes reports to Council.
- Treasurer: calculates the 1.5% contribution, manages investments per policy, calculates ADA, maintains accounting records, prepares quarterly and annual CLERF reports, and recommends SSR or parameter changes.

- Audit Committee (or Council): receives CLERF reports; oversees compliance.
- Investment Board/JIB (if adopted): manages investments under Prudent Investor and provides performance reporting needed for SSR.

### **13) Review Cycle**

- This policy is reviewed annually during the budget and comprehensively every four years (coincident with the term of Council or AMP updates).

### **14) Effective Date**

- This policy takes effect upon passage of the enabling by-law. Section 6 SSR applies beginning with the first full fiscal year after adoption.
- 

DRAFT