



TOWN OF
HALTON HILLS
Working Together Working for You!

REPORT

TO: Mayor Bonnette and Members of Council
FROM: Dana Stanescu, Accounting Supervisor
DATE: July 5, 2021
REPORT NO.: CORPSERV-2021-0023
SUBJECT: Town General Surplus 2020

RECOMMENDATION:

THAT report No. CORPSERV-2021-0023 dated July 5, 2021 regarding the 2020 Town General Surplus be received for information;

AND FURTHER THAT Council receive for information the 2020 net distributable operating surplus of 782,759;

AND FURTHER THAT Council approve the transfer of \$39,636 of the operating surplus to the Library Capital Reserve;

AND FURTHER THAT \$172,604 of funding previously approved in the 2020 operating budget for contracted labour positions be held in general surplus and carried forward to 2021 to continue funding the original budgeted contract positions;

AND FURTHER THAT \$88,201 of funding previously approved in a prior budget for contracted labour positions that is no-longer required be held in general surplus and carried forward to 2021 to support in-year contracted employment needs;

AND FURTHER THAT Council approve the transfer of the remaining operating surplus of \$743,123 to the Tax Rate Stabilization Reserve.

KEY POINTS:

The following are key points for consideration with respect to this report:

- Distribution of the annual surplus to stabilization reserves provides funding for future capital expenditures, and for unexpected or unpredicted events which would otherwise cause fluctuations in the operating and capital budgets.

BACKGROUND AND DISCUSSION:

This report is presented in order to provide Council with a status update on the 2020 Town General Surplus as at December 31, 2020. Appendix A summarizes the Town's 2020 actual operating results for January 1 to December 31 inclusive.

In addition, this report seeks Council's approval on the distribution of the operating surplus in accordance with the General Reserve and Reserve Fund Policy (PLCY-2018-0004).

On May 3, 2021, staff provided Council with a forecast of the 2020 operating results through report CORPSERV-2021-0009, Operating Budget Status for the year ended December 31, 2020, and COVID-19 update. The Town's year end audit is now complete, and the 2020 operating results are final, and the results are within \$29 of the original forecast.

Appendix A outlines the 2020 operating results for the Town of Halton Hills by department. There was a total operating surplus of \$1,043,564, consisting of the following:

		\$
Non COVID-19 related operating surplus	455,222	
COVID-19 related Transit operating surplus	327,537	
Total distributable surplus		782,759
Contract labour funding required for 2021 positions	172,604	
Contract labour funding for 2021 general contract employment needs	88,201	
Total carry forward of contract labour		<u>260,805</u>
		<u>1,043,564</u>

Staff is seeking approval for the transfer of \$172,604 in general surplus to fund the balance of contractual positions that were approved through the 2020 Operating Budget. Due to the nature of the hiring process, it is not always possible to have a contract position commence on January 1. Therefore, this amount represents the timing delay in hiring for the contractual positions and needs to be carried forward and recognized in 2021 to offset pre-approved expenses.

Staff is also seeking approval for the transfer of \$88,201 in general surplus related to previously approved contract labour positions that are no-longer required for their original purpose. As per the Carry Forward of Surplus Contract Employee Budget Policy approved in report CORPSERV-2021-0006, surplus contract employment funding can be held in general surplus at the year end and recognized in the following year's operating budget to fund general contract employment needs as required.

As per policy number PLCY-2018-0004 General Reserve and Reserve Fund Policy, staff is recommending that the net Library operating surplus of \$39,636 be transferred to the Library Capital Reserve.

Staff is recommending that the remaining 2020 operating budget surplus of \$743,123 be transferred to the Tax Rate Stabilization Reserve.

The table below provides a summary of the recommended surplus distribution:

	\$
Total Surplus 2020	\$1,043,564
Less	
Contract Carry-forward to 2021	(260,805)
Total Net Distributable Operating Surplus 2020	<u>\$782,759</u>
Less	
Transfer Library operating surplus to Library Capital Reserve	(39,636)
Total Distributable Operating Surplus 2020	<u><u>\$743,123</u></u>

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to provide responsive, effective municipal government and strong leadership in the effective and efficient delivery of municipal services.

This report also identifies fiscal and corporate management as one of the Town's Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Finance staff consulted with departments to determine the contents of Schedule A.


FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

Reviewed and approved by,



Joseph Vandermeer, Deputy Treasurer & Senior Manager of Accounting and Taxation



Moya Jane Leighton, Director of Finance & Town Treasurer



Laura Lancaster, Acting Commissioner of Corporate Services



Chris Mills, Acting Chief Administrative Officer