



REPORT

TO: Mayor Bonnette and Members of Council

FROM: Dana Stanescu, Accounting Supervisor

DATE: September 6, 2022

REPORT NO.: CORPSERV-2022-0021

SUBJECT: Distribution and Funding - 2021 Final Operating Budget Position

RECOMMENDATION:

THAT Report No. CORPSERV-2022-0021 dated September 6, 2022 regarding the Distribution and Funding - 2021 Final Operating Budget Position be received;

AND FURTHER THAT Council approve the transfer of \$325,895, representing the 2021 operating Library surplus, to the Library Capital Reserve;

AND FURTHER THAT \$120,486 of funding previously approved in the 2021 operating budget for contracted labour positions be held in general surplus and carried forward to 2022 to continue funding the original budgeted contract positions, in accordance with Town policies;

AND FURTHER THAT \$155,014 of funding previously approved in a prior budget for contracted labour positions that are no-longer required be held in general surplus and carried forward to 2022 to support in-year contracted employment needs in accordance with Town policies;

AND FURTHER THAT Council approve the transfer of \$704,490 from the Tax Rate Stabilization Reserve to fund the 2021 operating deficit.

KEY POINTS:

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

- In 2021 the Town reported an overall net operating deficit of \$103,095.
- The net operating deficit can be broken out into 3 components:

- \$275,500 of funding related to contract staffing that is required to be carried forward to 2022
- An operating surplus of \$325,895 related to Library operations
- An operating deficit of \$704,490 from Town operations
- All recommendations contained within this report do not involve the approval of new expenditures or incur new liabilities. All referenced funding transfers relate to expenditures incurred on or before December 31, 2021.

BACKGROUND AND DISCUSSION:

This report is intended to provide Council with an update on the final operating budget position of the Town following the completion of the year end audit. This report also serves to request additional funding for any operational deficit and provide details of the distribution of any operating surplus in accordance with the General Reserve and Reserve Fund Policy (PLCY-2018-0004). Appendix A summarizes the Town’s 2021 actual operating results for January 1 to December 31 inclusive, that are reflected in the 2021 annual financial statements.

Appendix A outlines the 2021 final operating results for the Town of Halton Hills by department. Further details regarding these results are outlined in Report No. CORPSERV-2022-0009 Operating Status at Dec 31, 2021, and COVID update.

The following table provides a summary of the different categories within the operating results that require distribution and funding in order to finalize the Town’s 2021 financial statement audit:

	\$
Non COVID-19 related operating deficit	(301,175)
COVID-19 related Transit operating surplus	<u>198,080</u>
Total Operating Deficit 2021	<u>(103,095)</u>
Contract labour funding required for 2022 positions	(120,486)
Contract labour funding for 2022 general contract employment needs	<u>(155,014)</u>
Total carry forward of contract labour	<u>(275,500)</u>
Net Deficit (Town and Library) 2021	<u>(378,595)</u>
Transfer Library operating surplus to Library Capital Reserve	(325,895)
Total Operating Deficit 2021	<u>\$ (704,490)</u>

Staff is seeking approval to transfer \$120,486 of general surplus into the 2022 fiscal year, to fund the balance of contractual positions that were approved through the 2021 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 2022 to offset pre-approved expenses.

Staff is also seeking approval to transfer \$155,014 of general surplus into the 2022 fiscal year, 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 \$325,895 be transferred to the Library Capital Reserve.

Staff is recommending that the 2021 operating budget deficit of \$704,490 be funded from the Tax Rate Stabilization Reserve, as per policy number PLCY-2018-0004.

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 throughout the 2021 year end financial statement process.

FINANCIAL IMPLICATIONS:

This report has an immediate financial impact and requires a funding source.

Staff are recommending that the 2021 operating deficit be funded from the Tax Rate Stabilization reserve in the amount of \$704,490. The Town's long range financial plan has been updated to reflect this reserve transfer.

Reviewed and approved by,

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer