



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Dana Stanescu, Manager of Accounting

DATE: July 10, 2023

REPORT NO.: CS-2023-023

SUBJECT: Distribution and Funding – 2022 Final Operating Budget Position

RECOMMENDATION:

THAT Report No. CS-2023-023 dated July 10, 2023 regarding the Distribution and Funding - 2022 Final Operating Budget Position be received;

AND FURTHER THAT Council approve the transfer of \$240,627, representing the 2022 operating Library surplus, to the Library Capital Reserve;

AND FURTHER THAT \$83,630 of funding previously approved in the 2022 operating budget for contracted labour positions be held in general surplus and carried forward to 2023 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 2023 to support in-year contracted employment needs in accordance with Town policies;

AND FURTHER THAT Council approve the transfer of \$1,340,135 from the Tax Rate Stabilization Reserve to fund the 2022 operating deficit.

KEY POINTS:

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

- In 2022 the Town reported an overall net operating deficit of \$860,864.
- The net operating deficit can be broken out into 3 components:

- \$238,644 of funding related to contract staffing that is required to be carried forward to 2023
- An operating surplus of \$240,627 related to Library operations
- An operating deficit of \$1,340,135 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, 2022.

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 2022 actual operating results for January 1 to December 31 inclusive, that are reflected in the 2022 annual financial statements.

Appendix A outlines the 2022 final operating results for the Town of Halton Hills by department. Further details regarding these results are outlined in Report No. CS-2023-009 December 2022 Operating Status with projected year-end operating results.

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 2022 financial statement audit:

		\$
Non COVID-19 related operating deficit	(796,091)	
COVID-19 related operating loss	(531,110)	
SRA Funding applied to COVID-19 loss	<u>466,337</u>	
Total Operating Deficit 2022		(860,864)
Contract labour funding required for 2023 positions	(83,630)	
Contract labour funding for 2023 general contract employment needs	<u>(155,014)</u>	
Total carry forward of contract labour		(238,644)
Transfer Library operating surplus to Library Capital Reserve	<u>(240,627)</u>	
Total Library Operating Surplus		<u>(240,627)</u>
Total Operating Deficit 2022		<u>\$ (1,340,135)</u>

Staff is seeking approval to transfer \$83,630 of general surplus into the 2023 fiscal year, to fund the balance of contractual positions that were approved through the 2022 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 2023 to offset pre-approved expenses.

Staff is also seeking approval to transfer \$155,014 of general surplus into the 2023 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 \$240,627 be transferred to the Library Capital Reserve.

Staff is recommending that the 2022 operating budget deficit of \$1,340,135 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 2022 year-end financial statement process.

FINANCIAL IMPLICATIONS:

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

Staff are recommending that the 2022 operating deficit be funded from the Tax Rate Stabilization reserve in the amount of \$1,340,135. The Town's long range financial plan has been updated to reflect this reserve transfer.

Reviewed and approved by,

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

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer