



## REPORT

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**TO:** Mayor Lawlor and Members of Council

**FROM:** Dana Stanescu, Manager of Accounting

**DATE:** July 8, 2024

**REPORT NO.:** CS-2024-018

**SUBJECT:** Distribution and Funding – 2023 Final Operating Budget Position

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### RECOMMENDATION:

THAT Report No. CS-2024-018 dated July 8, 2024 regarding the Distribution and Funding - 2023 Final Operating Budget Position be received;

AND FURTHER THAT Council approve the transfer of \$99,051, representing the 2023 operating Library surplus, to the Library Capital Reserve;

AND FURTHER THAT \$99,404 of funding previously approved in the 2023 operating budget for contracted labour positions be held in general surplus and carried forward to 2024 to continue funding the original budgeted contract positions, in accordance with Town policies;

AND FURTHER THAT \$158,599 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 2024 to support in-year contracted employment needs in accordance with Town policies;

AND FURTHER THAT Council approve the transfer of \$1,193,103 from the Tax Rate Stabilization Reserve and the transfer of \$537,507 from the Fire Services Reserve to fund the Town portion of the 2023 operating deficit, which totals \$1,730,610.

### KEY POINTS:

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

- In 2023 the Town reported an overall net operating deficit of \$1,373,556.

- The net operating deficit can be broken out into 3 components:
  - \$258,003 of unused funding related to contract staffing that needs to be carried forward to 2024, based on policy CORP-2021-0002
  - An operating surplus of \$99,051 related to Library operations
  - An operating deficit of \$1,730,610 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, 2023.

**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 2023 year-end audit. This report also serves to request approval to fund the operating deficit and distribution of any operating surplus in accordance with the General Reserve and Reserve Fund Policy (PLCY-2018-0004).

Appendix A summarizes the Town’s 2023 actual operating results for January 1 to December 31 inclusive, by department. These results are incorporated within the 2023 annual financial statements, that were prepared under Public Sector Accounting Board Standards. Further details regarding these results are provided in Report No. CS-2024-011, 2023 Operating Status with Projected Deficit.

Table 1 below provides a summary of the different elements that comprise the operating results, outlining the amounts that require distribution to reserves, transfers to the 2024 operating year and funding from reserves to finalize the Town’s 2023 financial statement audit:

**Table 1 – Breakdown of 2023 Final Operating Position**

		\$
<b>Total Operating Deficit 2023</b>		(1,373,556)
Contract labour funding required for 2024 positions	(99,404)	
Contract labour funding for 2024 general contract employment needs	<u>(158,599)</u>	
<b>Total carry forward of contract labour</b>		(258,003)
Transfer Library operating surplus to Library Capital Reserve	<u>(99,051)</u>	
<b>Total Library Operating Surplus</b>		(99,051)
<b>Total Operating Deficit 2023</b>		<u>\$ (1,730,610)</u>

Staff is seeking approval to transfer \$99,404 of general surplus into the 2024 fiscal year, to fund the balance of contractual positions that were approved through the 2023 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 2024 to offset pre-approved expenses.

Staff is also seeking approval to transfer \$158,599 of general surplus into the 2024 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, CORP-2021-0002, 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 PLCY-2018-0004 General Reserve and Reserve Funds, staff is recommending that the net Library operating surplus of \$99,051 be transferred to the Library Capital Reserve.

Staff is also recommending that the remaining Town related 2023 operating budget deficit of \$1,730,610 be funded from 2 separate reserves as shown in table 2 below:

**Table 2 – Funding Sources for Town Related 2023 Operating Deficit**

<b>Reserve</b>	<b>\$</b>
Fire Services	537,507
Tax Rate Stabilization	1,193,103
<b>Total</b>	<b>\$1,730,610</b>

**STRATEGIC PLAN ALIGNMENT:**

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

**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 2023 year-end financial statement process.

**FINANCIAL IMPLICATIONS:**

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

Staff are recommending that the 2023 operating deficit be funded from the Tax Rate Stabilization reserve in the amount of \$1,193,103, and from the Fire Services reserve in the amount of \$537,507. The Town's long-range financial plan has been updated to reflect these reserve transfers.

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