



## REPORT

**REPORT TO:** Mayor Bonnette and Members of Council

**REPORT FROM:** Duncan Robertson, CPA, CMA  
Budgets & Financial Reporting Supervisor

**DATE:** June 21, 2018

**REPORT NO.:** CORPSERV-2018-0036

**RE:** Operating Budget Status as at May 31, 2018

### RECOMMENDATION:

THAT Report No. CORPSERV-2018-0036, dated June 21, 2018 regarding the Operating Budget Status as at May 31, 2018 be received for information.

### BACKGROUND:

The purpose of this report is to provide Council with an update on the 2018 Operating Budget variance. Appendix A summarizes the Town's 2018 actual operating activities from January 1 to May 31 inclusive and provides an operating forecast, estimating total expenses and revenues to December 31, 2018.

### COMMENTS:

Using projections based on May 31, 2018 results, staff currently forecast that there will be a surplus of \$623,751 by December 31, 2018. Staff vacancies account for \$497,581 of the surplus net of the salary gapping contingency already factored into the base budget, as detailed in Appendix B. The following is a synopsis of operating results provided by each Commissioner for inclusion in this report.

### Council

The Council department is forecasting a year-end surplus of \$4,951 (0.6%); resulting from general savings within Council administration and discretionary expenses for members of Council.

## Office of the CAO

The Office of the CAO is projecting a year-end surplus of \$87,168 (3.2%) in 2018. The surplus is the result of staffing changes within Enforcement Services, Cultural Services and part-time staffing vacancy. Internal restructuring has resulted in staff savings in Cultural Services with an offsetting increase to staff wages in Facilities within the Recreation and Parks department. Violation warnings for parking tickets were stopped in 2017 in an effort to make the parking control division cost neutral, and as a result an increase in fines is projected.

## Corporate Services

Corporate Services is expecting a year-end deficit of \$45,573 (-0.9%) in 2018, relating to the immediate need to hire an Assessment Analyst on a contract basis. The Assessment Review Board announced numerous changes to the appeal process with the objective of providing a more efficient and timely resolution to appeals. These changes have had major impacts on municipalities across the province in their ability to defend their assessment base. Without the addition of this dedicated resource, the Town runs the risk of forfeiting its right to be part of any negotiations or settlements in assessment appeals, negatively impacting the Town's ability to protect the assessment base. Surplus tax supplements in 2018 will fund the additional cost of this position.

## Library Services

Library Services are projecting a year-end surplus of \$1,223 (0.0%) for 2018. Additional revenue from the New Horizons for Seniors, the Seniors Community, Ontario Ministry of Tourism, Culture and Sport, and Improving Library Digital Services grants have funded various Library programs. Savings in staff wages due to part-time staff vacancies will be offset by an increase in contracted services for computer support.

## Fire Services

Fire Services is projecting a year-end surplus of \$152,158 (2.3%), as a result of ongoing challenges in recruiting qualified candidates. Staff continues to work through the recruitment process to ensure the acquisition of qualified candidates.

## Transportation & Public Works

The Transportation & Public Works department is projecting a surplus of \$267,856 (2.2%). Staff vacancies throughout the department are the primary reason for the surplus, offset by a projected deficit in Transportation & Transit of \$117,729 resulting from the transition to the in-house ActiVan specialized transit program. In determining year-end projections, it has been assumed that the budget for winter control will be completely spent, based on a five-year average of the number of snow events within the budget period.

### Planning & Sustainability

The Planning & Sustainability department is projecting a year-end surplus of \$165,564 (9.2%). The surplus is driven primarily by position vacancies in various sections of the department.

### Recreation & Parks

The Recreation & Parks department is projecting a year-end surplus of \$29,354 (0.4%). Generalized savings within the department are offset by a projected overspend in salaries. The deficit in salaries is the result of a reallocation of staff wages in Facilities due to internal restructuring – there is a corresponding surplus in Cultural Services within the Office of the CAO, offsetting the deficit. A pricing strategy will be completed in 2019 to align budgeted program revenues with actuals.

### Corporate Non-Departmental

Non-departmental corporate expenses are expected to be at a year-end deficit of \$584,841 (-20.9%), resulting from tax appeals and additional legal fees associated with Vision Georgetown and the Halton Hills Premier Gateway. One-time increases in legal expenses resulting from Ontario Municipal Board (OMB) dealings are typically funded through contributions from the OMB Hearing Reserve. However, the projected corporate surplus in 2018 will be sufficient to fund these amounts; as such it is not recommended to fund these excess legal expenses from reserves.

### Capital Financing & Other

The Capital Financing section, which includes all budgeted transfers to reserves and debenture payments, is anticipated to be at budget.

### Corporate Revenue & General Levy

Corporate revenues are forecasted to yield a surplus of \$545,881 (1.0%), as the result of favourable supplementary tax revenues.

### **RELATIONSHIP TO STRATEGIC PLAN:**

This report supports the following strategic objectives:

- Establish sustainable financing, asset management and master plans to acquire, operate, maintain, renew and replace infrastructure.
- Continue to provide timely and transparent communications with the Town's residents and business owners.

**FINANCIAL IMPACT:**

December 31, 2018 forecast numbers are provided as information only. Final results will be confirmed after the 2018 year-end audit is completed.

**CONSULTATION:**

Accounting staff consulted with all department heads to confirm the operating forecasts for December 31, 2018 year-end and received a synopsis of comments from each for inclusion in this report.

**PUBLIC ENGAGEMENT:**

No public engagement required in reference to this report.

**SUSTAINABILITY IMPLICATIONS:**

The sustainability implications of the recommendations of the report were reviewed against the requirements of the Town's Sustainability Implications Worksheet. The Worksheet is completed for substantial non-administrative reports, major projects, studies, policies and initiatives that are relevant to advancing the Town's economic, cultural, environmental and social wellbeing, and quality of life. Since this report is none of the latter, the Sustainability Implications section is not applicable.

**COMMUNICATIONS:**

There is no communications impact.

**CONCLUSION:**

Staff currently forecasts a December 31, 2018 operating surplus amount of \$623,751. Final results will not be known until the year-end audit is completed in mid-2019.

Reviewed and Approved by,



Wendy O'Donnell, Manager of Finance



Jane Diamanti, Acting CAO