



## REPORT

**REPORT TO:** Community and Corporate Affairs Committee

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

**DATE:** November 20, 2018

**REPORT NO.:** CORPSERV-2018-0050

**RE:** Operating Budget Status as at September 30, 2018

### RECOMMENDATION:

THAT Report No. CORPSERV-2018-0050, dated November 20, 2018 regarding the Operating Budget Status as at September 30, 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<sup>st</sup> to September 30<sup>th</sup> inclusive and provides an operating forecast, estimating total expenses and revenues to December 31, 2018.

### COMMENTS:

Using projections based on September 30, 2018 results, staff currently forecast that there will be a surplus of \$1,426,808 by December 31, 2018. Staff vacancies account for \$1,201,309 of the surplus, net of the salary gapping contingency already factored into the base budget, as detailed in Appendix B.

Included in the staff vacancy amount, there is \$99,103 in general surplus relating to contract positions that were approved through the 2018 operating budget. Due to the nature of the hiring process, it is not always possible to have a contract position commence on January 1<sup>st</sup>. Therefore, this amount represents the timing delay in hiring the contractual positions and will be carried forward and recognized in 2019 to offset those pre-approved expenses.

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 deficit of \$24,463 (-3.0%); resulting from an increase in Municipal Assistance grants in 2018. Generalized savings within Council administration and Committees partially offset the increased spending in municipal assistance.

## Office of the CAO

The Office of the CAO is projecting a year-end surplus of \$124,464 (4.6%) in 2018. The surplus is the result of staffing changes and vacancies within the department, as well as cost savings for part-time wages. Internal restructuring has resulted in staff savings within the Office of the CAO with an offsetting increase to staff wages in both Corporate Services and Recreation & Parks. 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 \$54,212 (-1.1%) in 2018, relating to internal restructuring, as well as 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, limiting the Town's ability to protect the assessment base. Surplus tax supplements in 2018 will fund the additional cost of this position. The reallocation of staff resources from the Office of the CAO has resulted in a surplus within that department and has contributed to the deficit within Corporate Services.

## Library Services

Library Services is projecting a year-end surplus of \$19,652 (0.5%) for 2018 as a result of salaries and benefits savings from staff vacancies. Additional revenue from various grants; the New Horizons for Seniors grant; the Seniors Community grant; and the Improving Library Digital Services grant has funded community initiatives, including programs for seniors and youth. Savings in staff wages due to position vacancies will be partially offset by an increase in contracted services for computer support.

## Fire Services

Fire Services is projecting a year-end surplus of \$378,314 (5.6%), as a result of staff vacancies throughout 2018. Staff completed a recruitment process in the fall with the hiring of two full-time firefighters.

## Transportation & Public Works

The Transportation and Public Works department is projecting a surplus of \$60,786 (0.5%). Staff vacancies throughout the department are the primary reason for the surplus offset by a projected deficit in ActiVan of \$76,351, resulting from transitioning the ActiVan specialized transit program in-house. In determining year end projections, it has been assumed that the budget for winter control will be completely spent.

## Planning & Sustainability

The Planning and Sustainability department is projecting a year-end surplus of \$126,742 (7.0%). The surplus is driven primarily by position vacancies in various sections of the department.

## Recreation & Parks

The Recreation and Parks department is projecting a year-end surplus of \$32,535 (0.5%). Generalized savings within the department are partially offset by a projected overspend in salaries. The deficit in salaries is the result of part-time wages exceeding budget to support an increase in program registration and the reallocation of staff wages within the Facilities section due to an internal restructuring – there is a corresponding surplus in the Office of the CAO for the reallocation of staff resources. A pricing strategy will be completed in 2019 to align budgeted revenues with actuals.

## Corporate Non-Departmental

Non-departmental corporate expenses are expected to be at a year-end deficit of \$322,517 (-17.5%), resulting from accruals for pending tax appeals and additional legal fees associated with Vision Georgetown and the Halton Hills Premier Gateway.

## 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 \$1,085,509 (2.1%), as a 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 \$1,426,808. Final results will not be known until the year-end audit is completed in mid-2019.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to read "M. J. Leighton".

Moya Jane Leighton, Manager of Accounting and Town Treasurer

A handwritten signature in black ink, appearing to read "Jane Diamanti".

Jane Diamanti, Commissioner of Corporate Services

A handwritten signature in black ink, appearing to read "Brent Marshall".

Brent Marshall, CAO