



## **REPORT**

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

**REPORT FROM:** Dana Stanescu, Accounting Supervisor

**DATE:** June 29, 2020

**REPORT NO.:** CORPSERV-2020-2021

**RE:** Town General Surplus 2019

### **RECOMMENDATION:**

THAT Report No. CORPSERV-2020-2021 dated June 29, 2020 regarding 2019 Town General Surplus be received as information;

AND FURTHER THAT Council receive for information the 2019 net distributable operating surplus of \$1,670,570;

AND FURTHER THAT Council approve the transfer of \$10,512 of the operating surplus to the Library Capital Reserve;

AND FURTHER THAT Council approve the transfer of \$28,848 of the operating surplus to the Tax rate Stabilization Reserve for Halton Hills Cultural Roundtable to be carried forward into the 2020 operating budget;

AND FURTHER THAT \$328,681 of funding previously approved in the 2019 operating budget for contracted labour positions be held in general surplus and carried forward to 2020;

AND FURTHER THAT Council approve the transfer of the remaining operating surplus of \$1,670,570 to the Tax Rate Stabilization Reserve.

### **BACKGROUND:**

This report is presented in order to provide Council with a status update on the 2019 Town General Surplus as at December 31, 2019. Appendix A summarizes the Town's 2019 actual operating activities for January 1 to December 31 inclusive.

In addition, this report seeks Council's approval on the distribution of the operating surplus in accordance with the General Reserve and Reserve Fund Policy (PLCY-2018-0004).

**COMMENTS:**

Appendix A outlines the 2019 operating results for the Town of Halton Hills by department. There was a total operating surplus of \$2,289,311 driven by positive variances to budgeted net expenditures of \$1,130,524 and \$1,158,787 of additional corporate revenues received from supplementary taxes, fines, and penalties.

Staff is seeking approval for the transfer of \$328,681 in general surplus to fund the balance for contractual positions that were approved through the 2019 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 2020 to offset pre-approved expenses.

Staff is also seeking approval for the transfer of \$28,848 into the 2020 operating budget for Town staff to continue to provide cultural initiatives, and to support the Arts and Culture Working Group's work plan.

As per policy number PLCY-2018-0004 General Reserve and Reserve Fund Policy, staff is recommending that the Library operating surplus of \$10,512 be transferred to the Library Capital Reserve.

As approved in report RP-2020-0004 Recreation Rates and Fees Final Strategy dated January 24, 2020, there was a commitment to use \$250,700 of available 2019 operating surplus to fund the shortfall in the 2020 operating budget related to the first phase of reduced recreation and parks fees.

Staff is recommending that the remaining 2019 operating budget surplus of \$1,670,570 be transferred to the Tax Rate Stabilization Reserve.

The table below provides a summary of the recommended surplus distribution:

	\$
<b>Total Surplus 2019</b>	\$2,289,311
<b>Less</b>	
Contract labour c/f to 2020	(\$328,681)
HH Cultural Roundtable unspent budget c/f to 2020	(\$28,848)
Transfer Library operating surplus to Library capital reserve	(\$10,512)
	<u>\$1,921,270</u>
<b>Less pre-committed utilization of surplus funds</b>	
Offset 2020 operating budget re: reduction in recreation fees	(\$250,700)
	<u>\$1,670,570</u>
<b>Total Distributable Operating Surplus 2019</b>	<u>\$1,670,570</u>

## **RELATIONSHIP TO STRATEGIC PLAN:**

This report supports the following strategic objective:

Establish sustainable financing, asset management and master plans to acquire, operate, maintain, renew and replace infrastructure.

To ensure the accountability and transparency of the Town's operations, and that appropriate management policies, practices and procedures are in place.

## **FINANCIAL IMPACT:**

The distribution of the annual operating surplus to Reserves outlined in this report assists with meeting the goals of the Long Range Financial Plan (LRFP).

## **CONSULTATION:**

Finance staff consulted with departments to determine the contents of Schedule A.

## **PUBLIC ENGAGEMENT:**

There is no public engagement required in reference with 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:**

Distribution of annual surplus to stabilization reserves provides funding for future capital expenditures, and for unexpected or unpredicted events which would otherwise cause fluctuations in the operating and capital budgets.

Reviewed and Approved by,

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

Moya Jane Leighton, Town Treasurer and Director of Accounting

A handwritten signature in black ink, appearing to read "C. Mills".

Chris Mills, Commissioner of Corporate Services

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

Brent Marshall, Chief Administrative Officer