

# The Corporation of the Township of Hamilton



## Council Staff Report

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**Report To:** Mayor Cane and Members of Council  
**Report No:** T 2022-16  
**Report Title:** 2022 Year End Operating Forecast and Actual as of June 2022  
**Submitted By:** Nusrat Ahmed, Treasurer  
**Date:** 09 Aug 2022

### Subject:

2022 Year End Operating Forecast and Actual as of June 2022

### Recommendation:

It is recommended that the Council of the Corporation of the Township of Hamilton enacts as follows:

That Council receives Report T2022-16: 2022 Year End Operating Forecast and Actual as of June 2022, as information; and

That Council approves to fund overage in sand and salt expenditure in 2022 from the Winter Maintenance Reserve; and

That Council approves to defer of the following Road projects approved during 2022 budget deliberation to mitigate the projected deficit:

- Guardrail - Budget: \$35k;
- Cochrane Road - County Road 74 to the end - Budget: \$58k (Note: \$5k will be spent in 2022 for grading);
- Burrison Road - Entire length - Budget: \$15k; and
- Clapperton - County Road 15 to Hickerson Road - Budget: \$28k.

### Background Information:

Council receives financial updates on a quarterly basis. Financial reporting reflects expenditures and revenue to date compared to the annual budget.

This report also intends to update Council on some of the current assumptions staff are projecting and their resulting financial impacts in 2022.

## Discussion:

Based on updated information, Staff are anticipating a total year-end deficit of \$281k in 2022.

	2022 Budget	Actual as of June 30, 2022	Variance	% Used	Projection Projection	Variance from Budget
<b>Expenditures</b>						
Personnel	\$ 4,408,349	\$ 2,072,157	\$ 2,336,191	47%	\$ 4,509,649	(101,300)
Contribution to Reserve	663,610	303,773	359,838	46%	663,610	-
Other Expenditure	5,929,994	2,500,957	3,429,038	42%	6,077,872	(147,878)
<b>Total Expenditures</b>	<b>11,001,954</b>	<b>4,876,886</b>	<b>6,125,068</b>	<b>44%</b>	<b>11,251,132</b>	<b>(249,178)</b>
<b>Revenues</b>						
Contribution from Reserve	(260,150)	(37,229)	(222,921)	14%	(260,150)	-
Other Revenue	(2,009,946)	(837,773)	(1,172,172)	42%	(1,977,604)	(32,341)
<b>Total Revenue</b>	<b>(2,270,096)</b>	<b>(875,002)</b>	<b>(1,395,093)</b>	<b>39%</b>	<b>(2,237,754)</b>	<b>(32,341)</b>
<b>Net Budget</b>	<b>8,731,857</b>	<b>4,001,884</b>	<b>4,729,973</b>	<b>46%</b>	<b>9,013,377</b>	<b>(281,520)</b>

The projected deficit is composed of unfavourable variance as a result of COVID-19 related impacts, CUPE negotiation, salary review, inflationary pressure (hydro, heating fuel, and vehicle fuel) and incremental weather (sand and salt). In 2022, Township has also experienced significant vendor pricing increases.

Staff will continue to review 2022 Operating Budget to determine how to absorb the projected deficit. All staff have been instructed to constrain and contain any and all discretionary operating expenditures until further notice.

Staff are proposing the following additional steps to mitigate potential deficit in 2022:

1. Transfer from Winter Maintenance Reserve to fund sand and salt overage in 2022;
2. Deferral of the following Road projects approved during 2022 budget deliberation:
  - Guardrail - Budget: \$35k;
  - Cochrane Road - County Road 74 to the end - Budget: \$58k (Note: \$5k will be spent in 2022 for grading);
  - Burrison Road - Entire length - Budget: \$15k; and
  - Clapperton - County Road 15 to Hickerson Road - Budget: \$28k.

## Water

The financial update for the period ending June 30, 2022:

	2022 Budget	Actual as of June 30, 2022	Variance	% Used
<b>Expenditures</b>				
Personnel	278,100	139,035	139,065	50.0%
Contribution to Reserve	150,517	115,372	35,144	76.7%
Other Expenditure	246,734	125,101	121,633	50.7%
<b>Total Expenditures</b>	<b>675,351</b>	<b>379,508</b>	<b>295,843</b>	<b>56.2%</b>
<b>Revenues</b>				
Contribution from Reserve	-	-	-	
Other Revenue	(675,351)	(423,456)	(251,895)	62.7%
<b>Total Revenue</b>	<b>(675,351)</b>	<b>(423,456)</b>	<b>(251,895)</b>	<b>62.7%</b>
<b>Net Budget</b>	<b>0</b>	<b>(43,948)</b>	<b>43,948</b>	

### Expenditures

Water expenditure are overall on track with 56% spent out.

- **Personnel** expenditures at 50% spent as personnel budget is not evenly distributed per quarter;
- **Other Expenditure** are at 50.7% as spending patterns vary according to requirements during the year.

### Revenues

Water revenues received are at 62.7% of the budget.

Water department is projected to be within budget in 2022.

### Financial / Staffing / Legal Implications:

Financial: For the Township, staff are anticipating a total year-end deficit of \$281k in 2022.

### Environmental and Climate Change Impact Assessment:

1. Will this project / proposal generate Greenhouse Gas (GHG) Emissions? NO
2. Will this project / proposal increase or decrease the amount of energy and emissions used by the Township? NO
3. How will this project / proposal reduce Township emissions? NO
4. What measures will be taken to mitigate / reduce energy consumption and GHG emissions? NO
5. Does the project / proposal take into account current and future climate hazards (i.e. extreme flooding, temperature fluctuations, drought, invasive species, etc.) and what actions have been taken / considered to reduce risk and negative impacts? NO

## Strategic Plan Pillar(s):

Fiscal Responsibilities, Expand Financial Sustainability/Best Practices

## Conclusions:

That Council receives Report T2022-16: 2022 Year End Operating Forecast and Actual as of June 2022, as information; and

That Council approves to fund overage in sand and salt expenditure in 2022 from the Winter Maintenance Reserve; and

That Council approves to defer of the following Road projects approved during 2022 budget deliberation to mitigate the projected deficit:

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