



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: March 27, 2023

Report No: CORS-010-23

Subject: 2022 Year End Operating Variance and Journal Entries

Recommendation: THAT the 2022 Financial Statements be prepared on the basis of the year-end transactions set out in report CORS-010-23;

THAT staff be directed to transfer \$140,000 from the Tax Rate Stabilization Reserve to the Severe Weather Reserve;

THAT staff be directed to transfer \$1,000,000 from the Tax Rate Stabilization Reserve to the Infrastructure Renewal - Roads and Structures Reserve;

THAT staff be directed to transfer \$300,698 from the Library Tax Rate Stabilization Reserve to the Library Capital Works Reserve;

THAT staff be directed to prepare accounting entries to transfer the surplus, estimated at \$452,017, from the operating fund to the WSIB Reserve.

EXECUTIVE SUMMARY

This report provides a detailed review of the preliminary unaudited 2022 financial position of the Town with the following information of note:

- The Town managed the financial pressures related to the pandemic as well as inflation in 2022, resulting in an estimated surplus of \$452,017. Although pandemic related impacts are expected to decline further in 2023, inflation is expected to result a greater burden on the Town's finances.
- It is recommended that the surplus to be transferred to the WSIB Reserve to bring the balance in that reserve closer to the target balance identified in Appendix 3
- The audit of the 2022 financial position is scheduled to begin April 10, 2023 and final results will be confirmed in the 2022 Financial Report scheduled to be presented at the May 29, 2023 Council meeting.

REPORT



Background

In accordance with Corporate Policies No. 113: Financial Management - Budget Management and No. 115: Accounting, this report explains the significant variances in the actuals compared to the approved 2022 operating budget as well as the allocation of the surplus. The information presented herein has been developed based on reviews that were held with operating budget managers to identify key variances as well as to finalize 2022 accounts payable and accounts receivable accruals.

This report also satisfies the requirements of Ontario Regulation 332/12 which states that the Town must make available to the public annual reports with respect to Building Fees imposed under the Building Code Act. Included in this report is information on the total amount of fees collected, the direct and indirect costs of delivering the services related to the administration and enforcement of the Act and the amount of the reserve fund established for the purpose of administration and enforcement of the Act.

Discussion

The final year end position of the Operating Fund is an estimated surplus of \$452,017 for the Town (excluding library). This represents a variance of 0.6% on net budgeted expenditures of \$79.7 million and 0.3% on the gross expenditures of \$164.2 million. This variance is smaller than the Town's recent history as outlined in the table below.

	2018	2019	2020	2021	2022	Average
Variance (\$Millions)	\$1.40	\$1.22	\$1.85	\$4.45	\$0.45	\$1.9
% Variance to Net Budget	2.4%	1.9%	2.7%	6.0%	0.6%	2.7%
% Variance to Gross Budget	1.1%	0.9%	1.3%	3.0%	0.3%	1.3%

For consistency with prior years, the variance amounts above exclude the final positions of the library and BIA. If the library surplus were reflected in the 2022 year end figures, the net and gross percentages would be 0.7% and 0.4%, respectively.

The estimated Town position at the end of 2022 by department is as follows:

Department	Net Budget	Actuals	Variance F/(U)	Percent
Mayor & Council	\$625,712	\$588,543	\$37,169	94%
Executive Services	14,570,670	13,909,233	661,437	95%
Corporate Services	11,018,602	10,366,509	652,093	94%
General Government	(60,256,113)	(58,587,181)	(1,668,932)	97%
Community Services	29,991,062	29,422,931	568,131	98%
Development Services	4,050,068	3,847,948	202,120	95%
Library	-	(41,994)	41,994	
Hospital Expansion	-	-	-	
BIA	-	(86,657)	86,657	



The Corporation of the Town of Milton

Department	Net Budget	Actuals	Variance F/(U)	Percent
Gross Surplus	-	\$(580,668)	\$580,688	
Less: Library Board Surplus (Note 2)		41,994	(41,994)	
Less: BIA Surplus (Note 3)		86,657	(86,657)	
Net Town Surplus		\$(452,017)	\$452,017	

Note 1 - Figures include rounding and may result in minor variances to the attached Financial Schedules.

Note 2 - Library surplus will be transferred to the Library Tax Rate Stabilization Reserve in accordance with the Town's Treasury Policy No. 116.

Note 3 - BIA surplus will be transferred to the DBIA Surplus Reserve in accordance with the Town's Treasury Policy No. 116.

Variance Overview

Provincially mandated facility closures in early 2022, combined with a longer than anticipated recovery in service demand, resulted in revenue losses of \$4.3 million in the area of Recreation. These losses were fully mitigated by related savings in staffing, contracts and materials as well as additional grant revenue received. Transit service also remains an area of ongoing financial pressure as ridership continues to recover. The Town budgeted for and experienced lost transit fare revenue of \$0.7 million in 2022 relative to pre-pandemic levels. In anticipation of the ongoing pressure from the pandemic, the 2022 budget included \$0.5 million in transfers from the Town's Tax Rate Stabilization Reserve to mitigate the financial impact. These transfers were not required to be made in 2022 due to ongoing support received from the Federal/Provincial government through the Safe Restart Agreement - Transit Stream (\$0.5 million) and COVID-19 Recovery Fund (\$0.08 million).

Inflationary pressures were prevalent in the economy in 2022. However, the degree of impact to the Town's operating budget was lessened as existing unit rates were reflected in the cost of many contracts and agreements that were in effect for most of the year. Impacts will be experienced more broadly in 2023 as existing contracts are renewed.

Notwithstanding the impacts of the pandemic referenced above, the areas where the Town experienced the most significant financial pressures in 2022 were in winter maintenance (\$0.6 million), property tax write offs (\$0.47 million), reduced parking ticket revenue (\$0.46 million), fuel costs (\$0.36 million), fleet maintenance (\$0.29 million) and natural gas (\$0.19 million). However, these impacts were more than offset by savings in other areas including reductions in hydro consumption of \$1.0 million, savings in various operations and traffic contracts of \$0.86 million, savings in staffing costs, net of capital recoveries, of \$0.75 million and software maintenance costs of \$0.27 million.

Additional details regarding the significant variances within each department can be found through the 2022 Year End Operating Statements as shown in Appendix 1 with commentary in Appendix 2.

Reserve and Reserve Funds

Reserves and reserve funds are an important element of the Town's long-term financial plan. They make provisions for the replacement and rehabilitation of existing Town assets, provide a



contingency for one-time and unforeseeable events, and provide flexibility to manage debt levels and protect the Town’s financial position.

A summary of reserve and reserve fund balances by type is outlined in the table below. A detailed continuity schedule by each reserve and reserve fund comparing ending 2022 balances to target balances is provided in Appendix 3.

Reserves and Reserve Funds (\$000)	Dec 31, 2021 Balance	In-Year Activity	Dec 31, 2022 Balance
Stabilization	\$15,126	\$10,193	\$25,319
Corporate Use	12,298	663	12,961
Infrastructure Non Growth	52,919	29,475	82,394
Infrastructure Growth	51,904	8,952	60,856
Program Specific	9,767	7,815	17,583
Board, Committee & Other	2,195	333	2,528
Total	\$144,208	\$57,433	\$201,641

The in-year activity includes transfers to/from the operating budget, and a number of those transfers are driven by external revenues and do not impact the operating surplus. It is important to understand where operating transfers deviate from budget as it will have resulting implications on reserve balances.

The following table presents a summary view of variances between budgeted and actual operating transfers to/from reserve and reserve fund by category.

Reserve/Reserve Funds (\$000)	Budgeted Transfer to/(from) Operating	Actual Transfer to/(from) Operating	Surplus/ (Deficit)
Stabilization	\$602	\$9,390	\$8,788
Corporate Use	2,357	663	(1,694)
Infrastructure Non Growth	30,341	38,224	7,883
Infrastructure Growth	7,178	3,522	(3,656)
Program Specific	(1,170)	937	2,107
Board, Committee & Other	448	512	64
Total	\$39,756	\$53,248	\$13,493

Transfers to Stabilization reserves are in surplus position primarily due to higher than anticipated building permit activity. Corporate Use reserve transfers are unfavourable to budget due to timing differences in development activity.

Transfers to Infrastructure Non Growth related reserves were higher than anticipated largely due to proceeds from the Ontario Lottery and Gaming Corporation (OLG) being greater than budget in 2022, additional dividends received from Milton Hydro and higher than expected investment income. Infrastructure Growth transfers were unfavourable to budget due to lower than anticipated Capital Provision revenues being collected through financial agreements resulting from the timing of development activity.



Transfers to Program Specific Reserves were higher than budget primarily due to a timing difference in an expected land transaction.

A detailed commentary on other significant variances in reserve and reserve fund transfers within the operating fund is presented in Appendix 4.

Review of Reserve Balances to Target and Recommended Transfers

Annually staff review and assess reserve balances relative to target as well as the long term forecasts and outlook. Through the 2023 budget deliberations Milton Council also specifically requested the re-allocation of funding between reserves where feasible and appropriate through resolution 004-23, with a specific focus on the Per Unit Development Processing Reserve, Growth Capital - Other Reserve and the Library Tax Rate Stabilization and Capital Infrastructure Reserves.

The Tax Rate Stabilization reserve is approximately \$2.7 million over target at year end and staff are recommending a transfer of \$140,000 to the Severe Weather Reserve to bring the Severe Weather Reserve up to the 2022 target balance. Staff are also recommending that \$1.0 million be transferred to the Infrastructure Renewal Reserves in consideration of the planned \$1.0 million transfer for 2023 that was removed through the budget process in consideration of the tax rate pressures. It is recommended that the remaining excess funds in the Tax Rate Stabilization Reserve remain in the reserve until the \$0.7 million contribution approved through the 2023 budget is unwound through future budgets, to manage inflationary impacts in 2023 and to remain available to phase-in any pressures within the 2024 budget.

In accordance with the 2023 Budget motion staff reviewed the request to transfer funds from a projected surplus in the Per Unit Development Processing reserve to the Growth Capital - Other Reserve in recognition of its projected deficit position. Due to the timing differences in development activity, revenues towards the end of 2022 were lower than anticipated leading to the year-end Per Unit Processing reserve balance ending approximately on target, therefore staff are recommending that no transfer occur.

The Infrastructure Renewal Reserves continue to be well below target. To reduce the deficit over time the Town will continue its strategy of budgeting for a lifecycle contribution to those reserves for any new assets and to phase back over the remaining term of Council a \$1.3 million infrastructure renewal contribution as the originally planned increase was removed from the 2023 budget to assist with mitigating tax pressures. A one-time transfer at year from the Tax Rate Stabilization reserve is also recommended as noted above.

The Library Tax Rate Stabilization Reserve is currently over its target balance. Staff are recommending that \$300,698 be transferred from the Library Tax Rate Stabilization Reserve to the Library Capital Infrastructure Reserve. This brings the stabilization reserve to its target balance. While the capital infrastructure reserve is above its target balance it is recommended that the funds be retained until the completion of the corporate wide asset management plan in 2024 as the capital needs and target balance of the reserve may be reassessed through that study.

Debenture Obligations



The Corporation of the Town of Milton

The Town ended 2022 with \$47.0 million in total debt outstanding reflecting a new issuance of \$7.5 million and \$5.2 million in debenture repayments that occurred during the year.

In addition to the debenture obligations outlined below, \$8.3 million of debt that has been previously approved by Council remains yet to be issued. Based on the status of projects with unissued debt as a funding source, it is expected that the next debt issuance will take place in 2024.

Existing Debenture Obligations (\$'000)	Debt at Dec 31, 2021	2022 New Issuance	Principal Payments for 2022	Debt at Dec 31, 2022
Tax Supported	\$21,684	\$7,500	\$(3,138)	\$26,047
Reserve Fund	23	0	(23)	0
Development Charge	196	0	(196)	0
Capital Provision (Hospital)	9,551	0	(1,503)	8,048
Hospital Expansion (see below)	13,184	0	(303)	12,881
Total	\$44,638	\$7,500	\$(5,162)	\$46,976

The Hospital sinking fund debenture is held and managed by the Region of Halton for the purpose of retiring the debt at maturity. The annual \$302,726 sinking fund contribution and the interest income to be earned on the investments of the sinking fund over 30 years are projected to fully cover the principal payment due at maturity.

Hospital Expansion Sinking Fund Debenture	Amount
Sinking Fund Debt (payable on Apr 6, 2045)	\$15,000,000
Annual Contributions to date to the Region of Halton (\$302,726 per year)	(2,119,082)
Sub-total	\$12,880,918
Interest Earned to Date by Region of Halton	300,822
Dec 31, 2022 Balance per the Region of Halton Performance Indicator Report	\$12,580,096

Recommendations for the Year End Surplus

As part of the year-end process, staff consider the distribution of the year-end surplus or funding of deficit based on Council approved policies.

It is recommended that surplus, estimated to be \$452,017, be transferred to the Town's WSIB reserve on the basis that:

- The Town is a Schedule 2 employer, and as such is responsible for the costs of claims approved through the WSIB
- The Town is no longer able to secure excess insurance to provide protection against claims that exceed a value of \$500,000 (see staff report CORS-048-21) and will be self-insuring this exposure going forward



The Corporation of the Town of Milton

Report #:
CORS-010-23
Page 7 of 8

- The current balance in the WSIB reserve is \$4.3 million relative to an updated reserve target for the WSIB reserve of \$5.6 million that combines the Town's most recent benefit obligation with that of a catastrophic claim

Financial Impact

The estimated final year-end position of the operating fund is an estimated surplus of \$452,017 million for the Town. This report is providing information as to the allocation of the surplus necessary to facilitate the completion of the 2022 year-end accounting entries.

The variances discussed herein as well as the final reserve and reserve fund balances will also inform the management of the 2023 approved budget and the development of the proposed 2024 budget.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact:

Jennifer Kloet, CPA, CA

Phone: 905-878-
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Attachments

Appendix 1 – 2022 Year End Operating Financial Statements

Appendix 2 – 2022 Year End Operating Variance Commentary by Department

Appendix 3 – Reserve and Reserve Fund Continuity Schedule

Appendix 4 – Reserve and Reserve Fund Transfer to/from Operating Variance and Commentary

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for



The Corporation of the Town of Milton

Report #:
CORS-010-23
Page 8 of 8

the water, food and resources. We stand as allies with the First Nations as stewards of these lands.

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

TOWN OF MILTON

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
MAYOR AND COUNCIL	566,190	625,712	588,543	37,169	94%
EXECUTIVE SERVICES	13,218,719	14,570,670	13,909,233	661,437	95%
CORPORATE SERVICES	10,567,218	11,018,602	10,366,509	652,093	94%
GENERAL GOVERNMENT	(52,957,440)	(60,256,113)	(58,587,181)	(1,668,932)	97%
COMMUNITY SERVICES	26,952,039	29,991,062	29,422,931	568,131	98%
DEVELOPMENT SERVICES	1,653,274	4,050,068	3,847,948	202,120	95%
LIBRARY			(41,994)	41,994	
BIA			(86,657)	86,657	
Total TOWN OF MILTON	-	-	(580,668)	580,668	

Note: Figures include rounding and may result in minor variances to the departmental financial statements

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

MAYOR AND COUNCIL

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
MAYOR AND COUNCIL					
MAYOR AND COUNCIL					
EXPENDITURES					
Salaries and Benefits	523,579	552,889	535,127	17,762	97%
Administrative	38,989	54,667	53,189	1,478	97%
Financial		5,000		5,000	
Purchased Goods	938	701	1,196	(495)	171%
Purchased Services	12,734	30,426	8,938	21,488	29%
Total EXPENDITURES	576,240	643,683	598,450	45,233	93%
REVENUE					
Financing Revenue		(5,000)		(5,000)	
Recoveries and Donations	(10,050)	(12,972)	(9,907)	(3,065)	76%
Total REVENUE	(10,050)	(17,972)	(9,907)	(8,065)	55%
Total MAYOR AND COUNCIL	566,190	625,711	588,543	37,168	94%
Total MAYOR AND COUNCIL	566,190	625,711	588,543	37,168	94%
Total MAYOR AND COUNCIL	566,190	625,711	588,543	37,168	94%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

EXECUTIVE SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
EXECUTIVE SERVICES					
OFFICE OF THE CAO					
EXPENDITURES					
Salaries and Benefits	538,551	568,018	576,916	(8,898)	102%
Administrative	10,556	19,195	12,546	6,649	65%
Purchased Goods	3,629	5,507	6,280	(773)	114%
Purchased Services	21,238	47,351	9,985	37,366	21%
Total EXPENDITURES	573,974	640,071	605,727	34,344	95%
REVENUE					
Financing Revenue	(16,144)	(16,159)	(16,159)		100%
User Fees and Service Charges	(729)	(3,000)	(1,731)	(1,269)	58%
Total REVENUE	(16,873)	(19,159)	(17,890)	(1,269)	93%
Total OFFICE OF THE CAO	557,101	620,912	587,837	33,075	95%
STRATEGIC INITIATIVES AND ECONOMIC DEVELOPMENT					
EXPENDITURES					
Salaries and Benefits	679,777	774,126	844,932	(70,806)	109%
Administrative	7,522	22,423	10,138	12,285	45%
Financial	74	1,858	6,692	(4,834)	360%
Transfers to Own Funds	21,312	26,867	7,013	19,854	26%
Purchased Goods	1,962	14,233	4,223	10,010	30%
Purchased Services	88,705	222,529	170,972	51,557	77%
Reallocated Expenses	1,958	2,414	2,324	90	96%
Total EXPENDITURES	801,310	1,064,450	1,046,294	18,156	98%
REVENUE					
Financing Revenue	(8,916)	(35,097)	(10,197)	(24,900)	29%
Grants	(16,300)		(73,356)	73,356	
Recoveries and Donations	(25,000)	(25,000)	(25,000)		100%
User Fees and Service Charges	(48,819)	(116,309)	(26,048)	(90,261)	22%
Total REVENUE	(99,035)	(176,406)	(134,601)	(41,805)	76%
STRATEGIC INITIATIVES AND ECONOMIC DEVELOPMENT	702,275	888,044	911,693	(23,649)	103%
FIRE					
EXPENDITURES					
Salaries and Benefits	10,625,449	11,667,507	11,005,435	662,072	94%
Administrative	52,087	114,721	112,182	2,539	98%
Financial	1,269	2,200	1,786	414	81%
Transfers to Own Funds	1,004,606	1,048,572	1,048,572		100%
Purchased Goods	76,721	119,688	80,245	39,443	67%
Purchased Services	257,725	275,059	294,177	(19,118)	107%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

EXECUTIVE SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
Fleet Expenses	226,791	148,762	235,287	(86,525)	158%
Reallocated Expenses		453		453	
Total EXPENDITURES	12,244,648	13,376,962	12,777,684	599,278	96%
REVENUE					
Financing Revenue	(11,962)	(10,199)	(10,199)		100%
Grants	(16,700)	(2,500)	(4,900)	2,400	196%
Recoveries and Donations	(174,942)	(142,000)	(191,181)	49,181	135%
User Fees and Service Charges	(81,696)	(160,550)	(161,705)	1,155	101%
Total REVENUE	(285,300)	(315,249)	(367,985)	52,736	117%
Total FIRE	11,959,348	13,061,713	12,409,699	652,014	95%
Total EXECUTIVE SERVICES	13,218,724	14,570,669	13,909,229	661,440	95%
Total EXECUTIVE SERVICES	13,218,724	14,570,669	13,909,229	661,440	95%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

CORPORATE SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
CORPORATE SERVICES					
FINANCE					
EXPENDITURES					
Salaries and Benefits	4,871,247	5,167,736	4,958,944	208,792	96%
Administrative	26,274	62,244	35,529	26,715	57%
Financial	6,705	4,258	6,896	(2,638)	162%
Purchased Goods	24,820	45,343	22,932	22,411	51%
Purchased Services	220,387	301,604	306,970	(5,366)	102%
Total EXPENDITURES	5,149,433	5,581,185	5,331,271	249,914	96%
REVENUE					
Financing Revenue	(2,592,395)	(2,844,099)	(2,800,707)	(43,392)	98%
Recoveries and Donations	(4,536)		(3,583)	3,583	
User Fees and Service Charges	(750,608)	(1,007,977)	(933,948)	(74,029)	93%
Reallocated Revenue	(209,598)	(213,344)	(186,676)	(26,668)	88%
Total REVENUE	(3,557,137)	(4,065,420)	(3,924,914)	(140,506)	97%
Total FINANCE	1,592,296	1,515,765	1,406,357	109,408	93%
INFORMATION TECHNOLOGY					
EXPENDITURES					
Salaries and Benefits	2,512,109	3,131,512	2,919,195	212,317	93%
Administrative	25,904	24,585	14,508	10,077	59%
Purchased Goods	1,333,488	1,795,484	1,528,248	267,236	85%
Purchased Services	1,006,248	1,213,788	1,224,760	(10,972)	101%
Total EXPENDITURES	4,877,749	6,165,369	5,686,711	478,658	92%
REVENUE					
Financing Revenue	(156,835)	(573,294)	(551,333)	(21,961)	96%
Recoveries and Donations			58	(58)	
User Fees and Service Charges		(100)		(100)	
Reallocated Revenue	(1,339)	(120,937)	(84,857)	(36,080)	70%
Total REVENUE	(158,174)	(694,331)	(636,132)	(58,199)	92%
Total INFORMATION TECHNOLOGY	4,719,575	5,471,038	5,050,579	420,459	92%
HUMAN RESOURCES					
EXPENDITURES					
Salaries and Benefits	1,696,689	1,367,838	1,378,616	(10,778)	101%
Administrative	145,677	262,101	141,452	120,649	54%
Purchased Goods	64,754	56,857	30,959	25,898	54%
Purchased Services	84,178	170,545	141,199	29,346	83%
Total EXPENDITURES	1,991,298	1,857,341	1,692,226	165,115	91%
REVENUE					

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

CORPORATE SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
Financing Revenue	(192,513)	(348,272)	(337,807)	(10,465)	97%
Reallocated Revenue	(131,872)	(147,368)	(148,724)	1,356	101%
Total REVENUE	(324,385)	(495,640)	(486,531)	(9,109)	98%
Total HUMAN RESOURCES	1,666,913	1,361,701	1,205,695	156,006	89%
LEGISLATIVE & LEGAL SERVICES					
EXPENDITURES					
Salaries and Benefits	2,589,326	3,405,461	3,080,750	324,711	90%
Administrative	29,100	61,909	36,629	25,280	59%
Financial	38,086	28,834	48,410	(19,576)	168%
Purchased Goods	11,835	28,055	20,354	7,701	73%
Purchased Services	781,337	1,280,969	1,357,096	(76,127)	106%
Reallocated Expenses	103,095	105,248	124,483	(19,235)	118%
Total EXPENDITURES	3,552,779	4,910,476	4,667,722	242,754	95%
REVENUE					
Financing Revenue	(133,736)	(662,608)	(796,372)	133,764	120%
Recoveries and Donations	(82,498)	(94,788)	(99,112)	4,324	105%
User Fees and Service Charges	(1,475,021)	(2,354,520)	(1,815,168)	(539,352)	77%
Total REVENUE	(1,691,255)	(3,111,916)	(2,710,652)	(401,264)	87%
Total LEGISLATIVE & LEGAL SERVICES	1,861,524	1,798,560	1,957,070	(158,510)	109%
STRATEGIC COMMUNICATIONS					
EXPENDITURES					
Salaries and Benefits	844,123	965,230	880,444	84,786	91%
Administrative	16,722	17,937	10,529	7,408	59%
Purchased Goods	8,650	8,300	2,455	5,845	30%
Purchased Services	49,387	77,155	58,743	18,412	76%
Total EXPENDITURES	918,882	1,068,622	952,171	116,451	89%
REVENUE					
Financing Revenue	(191,972)	(197,083)	(203,263)	6,180	103%
Grants			(2,100)	2,100	
Total REVENUE	(191,972)	(197,083)	(205,363)	8,280	104%
Total STRATEGIC COMMUNICATIONS	726,910	871,539	746,808	124,731	86%
Total CORPORATE SERVICES	10,567,218	11,018,603	10,366,509	652,094	94%
Total CORPORATE SERVICES	10,567,218	11,018,603	10,366,509	652,094	94%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

GENERAL GOVERNMENT

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
GENERAL GOVERNMENT					
GENERAL GOVERNMENT					
EXPENDITURES					
Salaries and Benefits	6,018		26,071	(26,071)	
Administrative	71,655	120,000	62,458	57,542	52%
Financial	3,955,040	4,442,545	4,665,564	(223,019)	105%
Transfers to Own Funds	35,424,302	38,177,006	47,648,633	(9,471,627)	125%
Purchased Services	234,530	87,467	588,871	(501,404)	673%
Reallocated Expenses			8,381	(8,381)	
Total EXPENDITURES	39,691,545	42,827,018	52,999,978	(10,172,960)	124%
REVENUE					
External Revenue Transferred to Reserves and	(7,972,976)	(13,157,152)	(15,054,755)	1,897,603	114%
Financing Revenue	(4,683,750)	(5,507,482)	(13,382,916)	7,875,434	243%
Taxation	(72,084,110)	(77,420,407)	(77,735,549)	315,142	100%
Payments In Lieu	(995,739)	(1,004,695)	(1,020,098)	15,403	102%
Grants	(2,495,534)				
Recoveries and Donations	(5,676)		(38,627)	38,627	
User Fees and Service Charges	(2,448,299)	(3,809,871)	(2,219,883)	(1,589,988)	58%
Reallocated Revenue	(1,962,899)	(2,183,524)	(2,135,328)	(48,196)	98%
Total REVENUE	(92,648,983)	(103,083,131)	(111,587,156)	8,504,025	108%
Total GENERAL GOVERNMENT	(52,957,438)	(60,256,113)	(58,587,178)	(1,668,935)	97%
Total GENERAL GOVERNMENT	(52,957,438)	(60,256,113)	(58,587,178)	(1,668,935)	97%
Total GENERAL GOVERNMENT	(52,957,438)	(60,256,113)	(58,587,178)	(1,668,935)	97%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

COMMUNITY SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
COMMUNITY SERVICES					
RECREATION AND CULTURE FACILITIES					
EXPENDITURES					
Salaries and Benefits	3,978,875	5,910,247	5,298,897	611,350	90%
Administrative	12,945	38,146	18,747	19,399	49%
Financial	55,136	163,441	82,473	80,968	50%
Transfers to Own Funds	2,003,320	1,817,420	1,801,098	16,322	99%
Purchased Goods	246,251	852,247	519,569	332,678	61%
Purchased Services	3,839,131	6,211,529	5,139,793	1,071,736	83%
Reallocated Expenses	141,157	175,074	157,138	17,936	90%
Total EXPENDITURES	10,276,815	15,168,104	13,017,715	2,150,389	86%
REVENUE					
Financing Revenue	(616,233)	(402,745)	(321,012)	(81,733)	80%
Grants	(1,138,838)	(910,117)	(1,048,557)	138,440	115%
Recoveries and Donations	(33,898)	(69,395)	(91,141)	21,746	131%
User Fees and Service Charges	(2,663,737)	(7,387,965)	(5,956,414)	(1,431,551)	81%
Reallocated Revenue	(250,170)	(408,265)	(339,293)	(68,972)	83%
Total REVENUE	(4,702,876)	(9,178,487)	(7,756,417)	(1,422,070)	85%
total RECREATION AND CULTURE FACILITIES	5,573,939	5,989,617	5,261,298	728,319	88%
ADMINISTRATION AND CIVIC FACILITIES					
EXPENDITURES					
Salaries and Benefits	3,097,910	3,487,011	3,185,267	301,744	91%
Administrative	18,551	42,674	33,852	8,822	79%
Financial	54,970	59,893	64,898	(5,005)	108%
Transfers to Own Funds	305,155	423,212	395,529	27,683	93%
Purchased Goods	68,909	84,413	84,468	(55)	100%
Purchased Services	1,233,850	1,529,524	1,447,718	81,806	95%
Reallocated Expenses	82,846	87,678	107,205	(19,527)	122%
Total EXPENDITURES	4,862,191	5,714,405	5,318,937	395,468	93%
REVENUE					
Financing Revenue	(1,205,038)	(1,634,000)	(1,356,296)	(277,704)	83%
Recoveries and Donations	(31,338)	(16,249)	(28,972)	12,723	178%
User Fees and Service Charges	(249,637)	(328,314)	(255,485)	(72,829)	78%
Total REVENUE	(1,486,013)	(1,978,563)	(1,640,753)	(337,810)	83%
total ADMINISTRATION AND CIVIC FACILITIES	3,376,178	3,735,842	3,678,184	57,658	98%
PROGRAMS					
EXPENDITURES					
Salaries and Benefits	2,260,659	5,595,682	3,535,451	2,060,231	63%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

COMMUNITY SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
Administrative	3,009	59,587	38,278	21,309	64%
Financial	329,573	329,855	419,103	(89,248)	127%
Transfers to Own Funds		3,350	6,000	(2,650)	179%
Purchased Goods	82,747	278,539	172,604	105,935	62%
Purchased Services	141,919	956,794	235,977	720,817	25%
Reallocated Expenses	14,838	30,750	43,237	(12,487)	141%
Total EXPENDITURES	2,832,745	7,254,557	4,450,650	2,803,907	61%
REVENUE					
Financing Revenue	(279,247)	(321,385)	(289,031)	(32,354)	90%
Grants	(123,622)	(68,421)	(105,224)	36,803	154%
Recoveries and Donations	(44,940)	(404,395)	(109,989)	(294,406)	27%
User Fees and Service Charges	(1,008,771)	(6,205,725)	(3,389,386)	(2,816,339)	55%
Reallocated Revenue			(6,538)	6,538	
Total REVENUE	(1,456,580)	(6,999,926)	(3,900,168)	(3,099,758)	56%
Total PROGRAMS	1,376,165	254,631	550,482	(295,851)	216%
OPERATIONS					
EXPENDITURES					
Salaries and Benefits	6,216,234	7,090,792	6,921,959	168,833	98%
Administrative	10,318	43,349	32,144	11,205	74%
Transfers to Own Funds	1,658,785	1,809,887	1,809,887		100%
Purchased Goods	1,701,482	1,828,847	1,822,822	6,025	100%
Purchased Services	5,524,076	7,760,239	7,016,566	743,673	90%
Fleet Expenses	926,137	1,086,514	1,456,761	(370,247)	134%
Reallocated Expenses	3,595,329	3,692,966	3,918,181	(225,215)	106%
Total EXPENDITURES	19,632,361	23,312,594	22,978,320	334,274	99%
REVENUE					
Financing Revenue	(119,552)	(292,501)	(133,200)	(159,301)	46%
Grants	(100,000)				
Recoveries and Donations	(2,754,884)	(3,666,421)	(3,160,451)	(505,970)	86%
User Fees and Service Charges	(780,408)	(1,160,195)	(1,065,761)	(94,434)	92%
Reallocated Revenue	(4,014,148)	(4,123,239)	(4,425,056)	301,817	107%
Total REVENUE	(7,768,992)	(9,242,356)	(8,784,468)	(457,888)	95%
Total OPERATIONS	11,863,369	14,070,238	14,193,852	(123,614)	101%
TRANSIT					
EXPENDITURES					
Salaries and Benefits	261,374	318,089	368,480	(50,391)	116%
Administrative	6,670	10,230	10,103	127	99%
Financial		300		300	

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

COMMUNITY SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
Transfers to Own Funds	1,376,578	1,468,853	1,468,853		100%
Purchased Goods	13,063	13,778	7,085	6,693	51%
Purchased Services	4,261,766	4,915,325	4,863,530	51,795	99%
Fleet Expenses	989,574	1,462,428	1,504,912	(42,484)	103%
Reallocated Expenses	75,400	66,826	110,458	(43,632)	165%
Total EXPENDITURES	6,984,425	8,255,829	8,333,421	(77,592)	101%
REVENUE					
Financing Revenue	(990,263)	(1,177,940)	(977,940)	(200,000)	83%
Grants	(624,302)		(501,272)	501,272	
Recoveries and Donations	(50,076)	(349,999)	(297,000)	(52,999)	85%
User Fees and Service Charges	(557,390)	(787,149)	(818,101)	30,952	104%
Total REVENUE	(2,222,031)	(2,315,088)	(2,594,313)	279,225	112%
Total TRANSIT	4,762,394	5,940,741	5,739,108	201,633	97%
Total COMMUNITY SERVICES	26,952,045	29,991,069	29,422,924	568,145	98%
Total COMMUNITY SERVICES	26,952,045	29,991,069	29,422,924	568,145	98%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

DEVELOPMENT SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
DEVELOPMENT SERVICES					
PLANNING SERVICES					
EXPENDITURES					
Salaries and Benefits	2,125,349	2,296,018	2,031,607	264,411	88%
Administrative	16,902	47,001	23,612	23,389	50%
Purchased Services	93,046	52,890	93,545	(40,655)	177%
Total EXPENDITURES	2,235,297	2,395,909	2,148,764	247,145	90%
REVENUE					
Financing Revenue	(479,701)	(629,086)	(346,594)	(282,492)	55%
Recoveries and Donations	(80,979)	(48,041)	(41,936)	(6,105)	87%
User Fees and Service Charges	(2,809,559)	(1,601,053)	(1,594,596)	(6,457)	100%
Total REVENUE	(3,370,239)	(2,278,180)	(1,983,126)	(295,054)	87%
Total PLANNING SERVICES	(1,134,942)	117,729	165,638	(47,909)	141%
BUILDING SERVICES					
EXPENDITURES					
Salaries and Benefits	3,200,474	4,995,626	3,598,846	1,396,780	72%
Administrative	67,515	144,892	78,711	66,181	54%
Financial	15		(1)	1	
Transfers to Own Funds	1,766,508	381,530	8,501,475	(8,119,945)	2,228%
Purchased Goods	1,233	16,301	3,240	13,061	20%
Purchased Services	24,110	45,080	26,995	18,085	60%
Reallocated Expenses	2,115,816	2,485,742	2,162,903	322,839	87%
Total EXPENDITURES	7,175,671	8,069,171	14,372,169	(6,302,998)	178%
REVENUE					
Financing Revenue	(8,916)	(9,072)	(26,875)	17,803	296%
Recoveries and Donations	(1,923)				
User Fees and Service Charges	(7,164,833)	(8,060,098)	(14,345,292)	6,285,194	178%
Total REVENUE	(7,175,672)	(8,069,170)	(14,372,167)	6,302,997	178%
Total BUILDING SERVICES	(1)	1	2	(1)	200%
INFRASTRUCTURE MANAGEMENT					
EXPENDITURES					
Salaries and Benefits	1,842,542	2,292,456	2,153,931	138,525	94%
Administrative	23,725	31,896	26,681	5,215	84%
Financial	19,837	246,398	247,297	(899)	100%
Transfers to Own Funds	22,324	29,257	29,524	(267)	101%
Purchased Goods	90,599	35,879	86,792	(50,913)	242%
Purchased Services	1,717,466	1,987,558	1,778,461	209,097	89%
Reallocated Expenses	4,906	7,926	2,760	5,166	35%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

DEVELOPMENT SERVICES

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
Total EXPENDITURES	3,721,399	4,631,370	4,325,446	305,924	93%
REVENUE					
Financing Revenue	(1,012,016)	(1,072,210)	(1,044,748)	(27,462)	97%
Recoveries and Donations	(27,023)	(13,036)	(16,044)	3,008	123%
User Fees and Service Charges	(455,854)	(305,566)	(468,845)	163,279	153%
Total REVENUE	(1,494,893)	(1,390,812)	(1,529,637)	138,825	110%
Total INFRASTRUCTURE MANAGEMENT	2,226,506	3,240,558	2,795,809	444,749	86%
DEVELOPMENT ENGINEERING					
EXPENDITURES					
Salaries and Benefits	1,550,826	2,051,631	1,917,253	134,378	93%
Administrative	24,087	32,439	32,344	95	100%
Financial	168		502	(502)	
Purchased Goods		200		200	
Purchased Services	359,598	220,608	323,997	(103,389)	147%
Total EXPENDITURES	1,934,679	2,304,878	2,274,096	30,782	99%
REVENUE					
Financing Revenue	(57,961)	(96,613)	(110,366)	13,753	114%
Recoveries and Donations	(45,976)	(97,843)	(53,172)	(44,671)	54%
User Fees and Service Charges	(1,555,220)	(1,786,016)	(1,705,132)	(80,884)	95%
Reallocated Revenue	(205,010)	(262,823)	(58,715)	(204,108)	22%
Total REVENUE	(1,864,167)	(2,243,295)	(1,927,385)	(315,910)	86%
Total DEVELOPMENT ENGINEERING	70,512	61,583	346,711	(285,128)	563%
ADMINISTRATION					
EXPENDITURES					
Salaries and Benefits	477,233	461,411	401,120	60,291	87%
Administrative	9,550	12,740	12,906	(166)	101%
Purchased Goods	15,729	47,950	15,404	32,546	32%
Purchased Services	270,604	227,609	237,925	(10,316)	105%
Total EXPENDITURES	773,116	749,710	667,355	82,355	89%
REVENUE					
Financing Revenue	(128,165)	(119,512)	(85,854)	(33,658)	72%
Recoveries and Donations	(146,061)		(41,711)	41,711	
User Fees and Service Charges	(7,693)				
Total REVENUE	(281,919)	(119,512)	(127,565)	8,053	107%
Total ADMINISTRATION	491,197	630,198	539,790	90,408	86%
Total DEVELOPMENT SERVICES	1,653,272	4,050,069	3,847,950	202,119	95%
Total DEVELOPMENT SERVICES	1,653,272	4,050,069	3,847,950	202,119	95%

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

LIBRARY

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
LIBRARY					
LIBRARY					
EXPENDITURES					
Salaries and Benefits	3,416,482	3,896,277	3,684,901	211,376	95%
Administrative	50,651	43,426	66,086	(22,660)	152%
Financial	6,291	5,821	6,662	(841)	114%
Transfers to Own Funds	690,139	634,686	634,686		100%
Purchased Goods	329,891	322,983	353,306	(30,323)	109%
Purchased Services	438,616	470,980	469,348	1,632	100%
Reallocated Expenses	254,468	376,416	320,165	56,251	85%
Total EXPENDITURES	5,186,538	5,750,589	5,535,154	215,435	96%
REVENUE					
Financing Revenue	(17,903)	(168,919)	(18,919)	(150,000)	11%
Taxation	(5,039,861)	(5,308,486)	(5,308,486)		100%
Grants	(56,204)	(57,554)	(129,776)	72,222	225%
Recoveries and Donations	(18,328)	(14,596)	(14,958)	362	102%
User Fees and Service Charges	(54,243)	(201,037)	(105,009)	(96,028)	52%
Total REVENUE	(5,186,539)	(5,750,592)	(5,577,148)	(173,444)	97%
Total LIBRARY	(1)	(3)	(41,994)	41,991	
Total LIBRARY	(1)	(3)	(41,994)	41,991	
Total LIBRARY	(1)	(3)	(41,994)	41,991	

**TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022**

HOSPITAL EXPANSION

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
HOSPITAL EXPANSION					
HOSPITAL EXPANSION					
EXPENDITURES					
Financial	2,494,892	2,501,566	2,489,757	11,809	100%
Total EXPENDITURES	2,494,892	2,501,566	2,489,757	11,809	100%
REVENUE					
Financing Revenue	(2,494,892)	(2,501,566)	(2,489,757)	(11,809)	100%
Total REVENUE	(2,494,892)	(2,501,566)	(2,489,757)	(11,809)	100%
Total HOSPITAL EXPANSION					
Total HOSPITAL EXPANSION					
Total HOSPITAL EXPANSION					

TOWN OF MILTON
OPERATING FINANCIAL STATEMENT
As of December 31, 2022

BIA

	PRIOR YEAR ACTUAL	ANNUAL BUDGET	ACTUAL	VARIANCE F / (U)	PERCENT of BUDGET
BIA					
BIA					
EXPENDITURES					
Salaries and Benefits	138,733	153,555	158,596	(5,041)	103%
Administrative	168				
Financial	2,083	4,000	2,128	1,872	53%
Transfers to Own Funds	70,666				
Purchased Goods	9,698	9,700	32,195	(22,495)	332%
Purchased Services	124,460	168,395	255,759	(87,364)	152%
Reallocated Expenses	4,339	6,000	4,318	1,682	72%
Total EXPENDITURES	350,147	341,650	452,996	(111,346)	133%
REVENUE					
Financing Revenue	(39,132)	(36,604)	(36,604)		100%
Taxation	(235,219)	(245,796)	(244,727)	(1,069)	100%
Grants	(26,585)	(4,000)	(135,339)	131,339	3,383%
Recoveries and Donations	(26,676)	(15,500)	(67,642)	52,142	436%
User Fees and Service Charges	(8,110)	(22,500)	(22,193)	(307)	99%
Reallocated Revenue	(14,425)	(17,250)	(33,150)	15,900	192%
Total REVENUE	(350,147)	(341,650)	(539,655)	198,005	158%
Total BIA			(86,659)	86,659	
Total BIA			(86,659)	86,659	
Total BIA			(86,659)	86,659	

2022 Operating Variance Commentary By Department

Variances impacting multiple departments of the Town are highlighted below.

Staff Gapping

In 2022, the Town has budgeted for savings from staff vacancies in the amount of \$700,000. As staff gapping savings are identified, the salary and benefit budget is reduced within the respective department while an offsetting variance is shown against the budgets in General Government up to the full year budgeted gapping amounts. This redistributes the annual budget from the departments as the savings are being incurred.

Town wide staff gapping savings for full time staff in 2022 was \$2,315,380. The target of \$700,000 was met, with the excess of \$1,615,380 over budget resulting in a net favourable variance to the Town. Additional savings from the temporary leaves of part time staff are reported within each affected department below.

Insurance

As previously reported through CORS-010-22, the Town's comprehensive insurance portfolio premium for 2022 increased by approximately 40% for the overall program. Total insurance costs amounted to \$1,093,848 and an unfavourable variance to budget of \$157,496 is being reported for the Town. Insurance costs have been allocated across departments and corresponding forecast changes reflecting variances to budget for each department have been completed.

Fuel

Unexpected increases in fuel rates in 2022 resulted in an unfavourable variance of \$360,817. Although fuel prices exceeded budget in 2022, the impact was partially mitigated through variances in consumption relative to budgeted quantities.

Utilities

Total utility costs for hydro, gas and water were \$857,079 below budget in 2022. Reducing hydro consumption has been the focus of several recent capital programs. LED lighting upgrades at the Mattamy National Cycling Centre, the Milton Sports Centre, and the Milton Leisure Centre have reduced consumption and maintenance costs. Solar panels have been installed at Sherwood Community Centre to satisfy facility demand with renewable energy. These projects, along with reduced demand have led to energy consumption reductions with utility savings of \$893,766 within the Town facilities. Additional hydro consumption savings of \$108,427 are the result of LED street light replacements. The savings in hydro were partially offset by a negative variance in gas of \$191,925 resulting from higher prices relative to budget.

Variances identified within specific departments are as follows:

2022 Operating Variance Commentary By Department

Mayor & Council - \$37,168 Favourable

A majority of the favourable variance is the result of gapping and savings in contracts.

Executive Services - \$661,440 Favourable

Office of the CAO is reporting a favourable variance of \$33,075 which primarily relates to a savings in legal costs.

Strategic Initiatives and Economic Development is reporting a deficit of \$23,649. This is largely the result of reduced demand for facility rental space and memberships at the Milton Education Village Innovation Centre following the pandemic. Partially offsetting this are savings within Purchased Services. Grant funding was utilized in 2022 to fund a contract position.

Fire is reporting a surplus to budget of \$652,014 which is primarily the result of staff gapping savings, program equipment savings and higher than anticipated recoveries related to responding to calls from other municipalities. The savings were partially offset by increased fleet costs related to maintenance and fuel prices

Corporate Services - \$652,094 Favourable

The Finance division is reporting savings of \$109,408 which is the result of staff gapping savings, partially offset by reductions in various fee related revenues.

Information Technology is reporting savings of \$420,459. This is largely due to savings from staff vacancies and lower annual maintenance costs as a result of delays in software implementation.

Human Resources is reporting a surplus of \$156,006, primarily related to savings in the area of corporate training and continuing education programs as well as savings in purchased goods.

The Legislative and Legal Services division is reporting a deficit of \$158,510, primarily the result of a shortfall in parking ticket fines of \$464,669 which is largely offset by savings from staff vacancies.

Strategic Communications is reporting a favourable variance of \$124,731, which is primarily due to savings from staff vacancies.

General Government - \$1,668,935 Unfavourable

In 2021 Milton received \$1,502,534 from the 2021 Provincial COVID-19 Recovery Fund to be used towards managing the financial pressures associated with COVID-19. At year end excess funding was transferred to reserve and interest was applied to it. This funding, in the amount of \$85,406 was transferred from reserve to the operating budget in 2022 where it was used to partially offset the impact of provincially mandated facility shutdowns

2022 Operating Variance Commentary By Department

early in the year. The 2022 budget included a transfer from the tax rate stabilization reserve totaling \$390,961 to mitigate pressures from the pandemic and a minimum wage increase. Due to Provincial/Federal funding received and other cost mitigation these transfers were not required resulting in savings to the budget.

Savings from staff vacancies in 2022 have been budgeted at \$700,000 within General Government. While the Town met and exceeded the budgeted staff vacancy savings, those savings are not reflected in General Government but rather in each specific department to which they relate.

Although not affecting the year end position, deferred timing of development activity has resulted in a deficit of \$5,740,433 in capital provision and per unit processing fees. This results in a lower balance transferred to reserve. The revenue delay has timing implications for the 10 year capital forecast which will be considered through future budgets.

The Property Tax Capping Program coordinated with the Region has ended with a surplus. As a result, the Town has received a refund, including interest, in the amount of \$117,600. Penalties and Interest payments exceeded budget by \$231,022. Partially offsetting this is a shortfall in Provincial Offences Act revenue of \$97,316. An additional \$465,994 in tax write-offs has been realized. An increase in supplementary tax revenues of \$309,831 is offset by a transfer to reserve in accordance with Town policy.

In 2022 there were events causing additional expenditures to the Town, such as the damage to the Indoor Turf dome from windstorms in the year. These expenses are tracked centrally within General Government and are reflected as an increase to the Town's expenses of \$398,776.

Aggregate permit fees exceeded budget by \$68,161 and a timing difference in expected land transactions resulted in land sale revenues being higher than budget by \$2,081,247. These items have no net impact because they are transferred to or from reserves, in accordance with Town policy.

Due to savings in WSIB claims compared to budget, the favourable variance of \$67,172 was transferred to the WSIB Reserve to provide funding for future claims.

Based on Town policy the investment income related to reserve funds, including development charge reserve funds, is allocated directly to the specific reserve fund with the remaining going through the operating budget. Due to a higher than anticipated portfolio balance and overall increase in yields, investment income for the Town was \$4.0 million favourable to budget, with \$2.8 million flowing through Financing Revenue within General Government and then allocated to specific reserves as identified through the budget process with no impact to the bottom line.

Proceeds from the Ontario Lottery and Gaming Corporation exceeded budget by \$2,306,539 with no bottom line impact as the proceeds are transferred to reserve.

2022 Operating Variance Commentary By Department

As discussed through the Milton Hydro Holdings staff report (CORS-006-22) the Town's \$14.9 million promissory note to Milton Hydro was restructured and returned to the Town in January 2022. Dividends received by Milton Hydro exceeded budget by \$3.4 million. As outlined in CORS-006-22, transfers to reserve were utilized in 2022 to stabilize the net impacts relative to the budgeted Milton Hydro funding distributions.

Community Services - \$568,145 Favourable

Recreation and Culture Facilities is reporting a net surplus of \$728,319. As a result of the provincially mandated facility closures earlier in 2022 as well as a slower than anticipated recovery from the pandemic, fee related revenue losses of \$1,431,551 are being reported. The lost revenue was more than offset by savings in staff vacancies, contracts and reduced hydro consumption along with unbudgeted funding received from the Canadian Arts Presentation and MNCC Legacy Funding.

Administration and Civic Facilities is reporting a surplus of \$57,658. The division experienced net revenue losses of \$337,810 as a result of lower user fees, lease revenues, and lower recoveries of staff time working on capital projects. These losses were more than offset by staff savings and reduced hydro consumption.

The Programs division is reporting an unfavourable variance to budget of \$295,851. Recreation programs were impacted by the provincially mandated facility closures earlier in the year and continued recovery from the pandemic. Lost fee revenue of \$2,816,339 was largely mitigated by associated savings in part-time staffing, administrative, and purchased goods and services.

Operations is reporting an overall deficit of \$123,614. Shortfalls to budget were primarily the result of a negative variance in winter maintenance contracts and materials of \$634,759 combined with higher than anticipated costs of fleet maintenance of \$370,249, including the increased price of fuel. Savings in other Operations contracts such as crack sealing, asphalt patching, storm sewer maintenance and the annual sidewalk repair program along with savings from staff vacancies offset most of the negative variance.

Transit is reporting a favourable variance in the amount of \$201,633 which was largely due to unanticipated federal-provincial funding from the Safe Restart Agreement - Transit stream in the amount of \$501,272 provided to mitigate the ongoing financial impacts from the pandemic. As a result of this funding received, a budgeted \$200,000 contribution from reserve in the amount was not required. Although the transit division was impacted by the rising fuel prices which led to a negative variance of \$246,489, less vehicle maintenance requirements than anticipated offset most of this amount. Staffing costs in the area of transit are over budget due to an internal staff reorganization with savings reflected elsewhere in Community Services.

Development Services - \$202,119 Favourable

2022 Operating Variance Commentary By Department

Planning Services is reporting a deficit in the amount of \$47,909. Savings due to staff vacancies are offset by reduced recoveries of staff time spent on the capital program.

Within Building Services, delays in hiring led to staff savings of \$1,396,780. Non-residential and residential development building permit applications and revenues ended the year in a favourable position of \$6,285,194. Combined, this resulted in a greater transfer to the Building Stabilization Reserve than anticipated in the amount of \$8,119,945. Overall there is no net impact to the Town's bottom line.

Infrastructure Management is reporting a \$444,749 favourable variance. This variance is the result of savings from staff vacancies, utility savings from the conversion of street lights to LED, contract savings due to favourable tender pricing and adjusted scope of work, as well as user fee revenue increases in the area of developer recoveries of streetlight costs due to a shift in the timing of subdivision assumptions.

Development Engineering is reporting a deficit of \$285,128. This is largely due to less time spent, and recovered, for building permit lot grading activity as well as higher developer costs due to performing more work on unassumed subdivisions than will be recovered through the Engineering and Inspection Fees. These deficits were partially offset by savings from staff vacancies.

The Administration division has a surplus of \$90,408 largely due to savings in staffing and purchased goods.

Library - \$41,991 Favourable

The favourable variance in library was primarily related to savings due to staff vacancies which was partially offset by higher than anticipated program expenses and electronic products and a shortfall in user fees. The library received a number of grants to offer additional programming. An increase in expenditures offset these grants resulting in no net impact to the Library. The 2022 budget included a budgeted transfer from the Library Tax Rate Stabilization Reserve of \$150,000. Since the Library ended the year in a surplus position, this contribution from reserve was not required.

Hospital - No Net Variances

BIA - \$86,659 Favourable

The surplus of \$86,659 was largely the result of additional grant, fundraising and donation revenue partially offset by increased expenditures related to the grants for the mural replacement at Main St. E. and Charles St., downtown holiday lighting and the costs of the winter and summer events on Main street.

Appendix 3 - CORS-010-23
Reserve and Reserve Fund Continuity Schedule

Reserves and Reserve Funds (\$000s)	Balance as at Dec 31, 2021	Transfers (to)/from Operating	Transfers to/From Capital	Other Transfers (incl interest)	Balance as at Dec 31, 2022	2022 Reserve Target
Stabilization						
Tax Rate Stabilization	\$8,019	\$881	\$0	\$668	\$9,568	\$6,876
Severe Weather	1,923	0	0	0	1,923	2,063
Building Rate Stabilization	5,184	8,509	(109)	244	13,829	7,880
Stabilization Subtotal	\$15,126	\$9,390	\$(109)	\$912	\$25,319	
Corporate Use						
Insurance and Legal Matters	\$6,923	\$504	\$0	\$0	\$7,427	\$6,300
Per Unit Development Processing Fee	1,340	(143)	0	0	1,197	1,195
WSIB	4,034	303	0	0	4,337	5,550
Corporate Use Subtotal	\$12,298	\$663	\$0	\$0	\$12,961	
Infrastructure Non Growth						
Infrastructure Renewal - Roads & Structures	\$13,694	\$14,673	\$(4,483)	\$14,266	\$38,150	\$282,249
Infrastructure Renewal - Stormwater	4,062	1,790	(1,237)	0	4,615	20,754
Infrastructure Renewal - Recreation, Facilities, Other	7,896	6,140	(2,658)	0	11,379	86,047
Information Technology	3,221	3,022	(2,559)	0	3,684	4,338
Studies and Other Non Growth Capital	2,992	1,231	(3,771)	0	452	1,945
Vehicles and Equipment Replacement	9,085	4,647	(6,630)	0	7,102	6,368
Canada Community-Building Fund	7,267	0	(5,536)	3,675	5,406	
Ontario Lottery Corporation Proceeds	4,702	6,721	0	184	11,607	N/A
Infrastructure Non Growth Subtotal	\$52,919	\$38,224	\$(26,874)	\$18,125	\$82,394	
Infrastructure Growth						
Growth Capital - Other	\$3,828	\$3,034	\$(3,548)	\$0	\$3,313	\$5,209
Capital Provision	12,609	489	(5,767)	0	7,331	
Payment-in-Lieu of Land Conveyance	13,138	0	0	7,654	20,792	
Cash-in-lieu of Parking	334	0	0	9	343	N/A
Development Charges (Note 1)	21,994	(4,734)	(21,215)	33,414	29,460	
Post Period Capacity	0	0	(382)	(1)	(383)	
Infrastructure Growth Subtotal	\$51,904	\$(1,211)	\$(30,913)	\$41,076	\$60,856	

Note 1: Includes Development Charge Exemptions.

**Appendix 3 - CORS-010-23
Reserve and Reserve Fund Continuity Schedule**

Reserves and Reserve Funds (\$000s)	Balance as at Dec 31, 2021	Transfers (to)/from Operating	Transfers to/From Capital	Other Transfers (incl interest)	Balance as at Dec 31, 2022	2022 Reserve Target
Program Specific						
Property Transactions	\$8,067	\$7,164	\$0	\$851	\$16,083	N/A
Provincial Gas Tax	772	(969)	(49)	1,341	1,095	
Election	627	(599)	0	0	28	
Aggregate Permit Fees	125	69	0	0	194	
Seniors' Fundraising	76	0	0	0	76	
Arts Programming	6	5	0	0	11	
Mayor's Legacy Fund	94	0	0	2	96	
Program Specific Subtotal	\$9,767	\$5,670	\$(49)	\$2,195	\$17,583	
Board, Committee & Other						
Library Tax Rate Stabilization	\$805	\$0	\$0	\$0	\$805	\$479
Library Capital Infrastructure	1,107	635	(612)	0	1,130	951
DBIA Surplus	198	(37)	0	0	161	N/A
Provincial Government Transfer	85	(86)	(77)	510	432	
Board, Committee & Other Subtotal	\$2,195	\$512	\$(689)	\$510	\$2,528	
Total Reserve and Reserve Funds	144,208	53,248	(58,633)	62,818	201,641	

Appendix 4 -CORS-010-23
Reserve and Reserve Fund - Transfers to/from Operating

Reserves and Reserve Funds (\$000s)	Budgeted Transfers to/(from) Reserve	Actual Transfers to/(from) Reserve	Surplus/ (Deficit)	Explanation for Variances
Stabilization				
Tax Rate Stabilization	\$213	\$881	\$668	Transfers from reserve to mitigate the impact of COVID-19 and the minimum wage impact were not required due to federal-provincial funding, cost mitigation efforts and realized additional areas of savings.
Severe Weather	0	0	0	
Building Rate Stabilization	389	8,509	8,120	Building permit activity was higher than budget.
Stabilization Subtotal	\$602	\$9,390	\$8,788	
Corporate Use				
Insurance and Legal Matters	\$560	\$508	\$(52)	A portion of the Per Unit Development Processing fees are transferred to Legal Matters. Actual transfers are lower than budget due to timing differences in development activity.
Per Unit Development Processing Fee	1,561	(148)	(1,709)	The per unit processing fees were lower than expected due to timing differences in development activity.
WSIB	235	303	67	WSIB savings relative to budget were transferred to reserve to provide funding for future claims.
Corporate Use Subtotal	\$2,357	\$663	\$(1,694)	
Infrastructure Non Growth				
Infrastructure Renewal - Roads & Structures	\$11,071	\$14,673	\$3,601	Higher than anticipated Milton Hydro Dividends resulted in \$2.4M being transferred to reserve in accordance with the Town's Treasury Policy No. 116. A further \$1.1M relates to additional interest earned on unspent capital funds due to a higher interest rates and balances throughout the year. \$135K in cost savings from debentures approved but not yet issued debt was transferred to reserve.
Infrastructure Renewal - Stormwater	1,790	1,790	0	
Infrastructure Renewal - Recreation, Facilities, Other	4,423	6,140	1,718	Additional investment income due to higher interest rates and portfolio balances was transferred to reserve in accordance with the 2022 budget allocations and the Town's Treasury Policy No. 116.
Information Technology	2,992	3,022	30	Additional photocopier recoveries were transferred to reserve
Studies and Other Non Growth	1,231	1,231	0	

Appendix 4 -COR5-010-23
Reserve and Reserve Fund - Transfers to/from Operating

Reserves and Reserve Funds (\$000s)	Budgeted Transfers to/(from) Reserve	Actual Transfers to/(from) Reserve	Surplus/ (Deficit)	Explanation for Variances
Capital				
Vehicles and Equipment Replacement	4,418	4,647	229	Proceeds from the sale of equipment were transferred to reserve.
Canada Community-Building Fund	0	0	0	
Ontario Lottery Corporation Proceeds	4,415	6,721	2,305	The budget anticipated reduced revenues from OLG due to pandemic related closures of Woodbine Mohawk Park, OLG revenues were \$2.3M higher than anticipated.
Infrastructure Non Growth Subtotal	\$30,341	\$38,224	\$7,883	
Infrastructure Growth				
Growth Capital - Other	\$2,725	\$3,034	\$309	Supplementary taxes above \$1.35M were transferred per the approved 2022 budget.
Capital Provision	4,454	489	(3,965)	Timing differences in development activity resulted in fewer residential building permits and lower Capital Provision revenues being collected through financial agreements in 2022.
Payment-in-Lieu of Land Conveyance	0	0	0	
Cash-in-lieu of Parking	0	0	0	
Development Charges (Note 1)	0	0	0	
Post Period Capacity	0	0	0	
Infrastructure Growth Subtotal	\$7,178	\$3,522	\$(3,656)	
Program Specific				
Property Transactions	\$396	\$2,430	\$2,034	Sale of land that was originally budgeted for in 2021 was realized in 2022.
Provincial Gas Tax	(969)	(969)	0	
Election	(599)	(599)	0	
Aggregate Permit Fees	1	69	68	Revenues collected from the Ministry of Natural Resources for extracted aggregates were higher than anticipated.
Seniors' Fundraising	0	0	0	
Arts Programming	0	5	5	Transfer the savings from the Arts Programming/Community Foundation of Halton North (CFHN) endowment funding to reserve for use in future budget years.

Appendix 4 -CORs-010-23
Reserve and Reserve Fund - Transfers to/from Operating

Reserves and Reserve Funds (\$000s)	Budgeted Transfers to/(from) Reserve	Actual Transfers to/(from) Reserve	Surplus/ (Deficit)	Explanation for Variances
Mayor's Legacy Fund	0	0	0	
Program Specific Subtotal	\$(1,170)	\$937	\$2,107	
Board, Committee & Other				
Library Tax Rate Stabilization	\$(150)	\$0	\$150	Budgeted transfer of \$150K to support budget pressures was not required as the Library ended the year in a surplus position.
Library Capital Infrastructure	635	635	0	
DBIA Surplus	(37)	(37)	0	
Provincial Government Transfer	0	(86)	(86)	Reflects 2022 transfer of unused 2021 COVID-19 Recovery Funding to partially offset the impact of provincially mandated facility shutdowns early in the year per CORs-056-22.
Board, Committee & Other Subtotal	\$448	\$512	\$64	
Total Reserve and Reserve Funds	\$39,756	\$53,248	\$13,493	

Note 1: Includes Development Charge Exemptions.