TOWN OF
HALTON HILLS

CORPORATE REVENUE & EXPENSES

2023 Operating Budget Overview

Included in the Corporate Revenue & Expenses Operating Budget are expenditures related to corporate-wide programs, long-term financing, capital planning and the management of reserves. Examples of corporate-wide programs include legal services, advertising, insurance, health and safety, professional development, financing, and voice and data coverage.

2023 Operating Budget Highlights

As summarized in the table below, the proposed Corporate Revenue & Expenses operating budget for 2023 is $20,471,645 in gross expenditures and $10,076,945 in net expenditures. Out of the net $10,076,945, $9,543,245 is supported from special levies and the remaining $533,700 is supported from the general tax levy. The total special levy required in this section, of $9,543,245 represents an increase of $1,442,700 from the 2022 operating budget, and is attributable to the increase in insurance costs and the on-going 0.6% annual increase in infrastructure funding.

	2022		2023					2022 vs. 2023	
In ($000s)	Budget ($)	Forecast ($)[1]	Base Budget ($)	Pre-Approved Capital Impacts ($)	Inclusions ($)	One-Time ($)	Total Budget ($)	Budget Change	
Total									
Expense	20,634.2	25,667.5	20,421.6	50.0	-	-	20,471.6	(162.6)	(0.8%)
Revenue	(12,031.3)	(12,463.8)	(10,394.7)	-	-	-	(10,394.7)	1,636.6	(13.6%)
Net Expenditures Before Special Levies	8,602.9	13,203.7	10,026.9	50.0	-	-	10,076.9	1,474.0	17.1%
Net Special Levies	(8,100.5)	(8,100.5)	(9,543.2)	-	-	-	(9,543.2)	(1,442.7)	17.8%
Total Net Position	502.4	5,103.2	483.7	50.0	-	-	533.7	31.3	6.2%

Note:

1. The forecast net expenditures ($13.2M) reflect the projected 2022 year-end position before special levies, which is estimated as of Sept. 30, 2022. Excluded from this forecast are the projected funding transfers from the reserves (including SRA funding), which will offset the expenses related to COVID-19 and the cyber incident. This results in an estimated net deficit of $1.3M in Corporate Expenditure & Revenue, which is the primary driver for the projected total 2022 operating budget deficit (approx.$600K). The final operating budget surplus/(deficit) will be determined through the Town's 2022 year-end process.

The table below summarizes net expenditures by sections within Corporate Revenue & Expenses.

In ($000s)	2022 Budget ($)	2022 Forecast ($)[1]	2023 Base Budget ($)	2023 Pre-Approved Capital Impacts ($)	2023 Inclusions ($)	2023 One-Time ($)	2023 Total Budget ($)	2022 vs. 2023 Budget Change	
Corporate Expenses									
Insurance - Liability	1,791.7	1,819.3	2,373.4	-	-	-	2,373.4	581.7	32.5%
Insurance - WSIB	155.0	155.0	155.0	-	-	-	155.0	-	0.0%
Election Costs	183.0	183.0	-	-	-	-	-	(183.0)	(100.0%)
Contracted services & professional fees	489.0	4,194.9	450.0	-	-	-	450.0	(39.0)	(8.0%)
Tax Write-offs	383.7	322.8	405.7	-	-	-	405.7	22.0	5.7%
Other (fin. fees, COVID-19, emp't costs)	122.2	1,056.2	123.9	-	-	-	123.9	1.7	1.4%
Transfer to Capital	1,904.1	1,904.1	2,325.1	(105.0)	-	(35.0)	2,185.1	281.0	14.8%
Transfer to Reserves	10,659.0	11,085.8	11,217.5	105.0	-	35.0	11,357.5	698.5	6.6%
Transfer to Reserves - WSIB	300.0	300.0	300.0	50.0	-	-	350.0	50.0	16.7%
Debt Charges	4,646.5	4,646.5	3,071.0	-	-	-	3,071.0	(1,575.5)	(33.9%)
Sub-total	20,634.2	25,667.5	20,421.6	50.0	-	-	20,471.6	(162.6)	(0.8%)
Corporate Revenues									
User Fees & Service Charges	(142.6)	(135.5)	(142.6)	-	-	-	(142.6)	-	0.0%
Recoveries & Other	(445.8)	(999.5)	(454.8)	-	-	-	(454.8)	(9.0)	2.0%
POA Revenue	(117.1)	(116.2)	(63.6)	-	-	-	(63.6)	53.5	(45.7%)
Investment Earnings	(1,155.0)	(1,155.0)	(1,155.0)	-	-	-	(1,155.0)	-	0.0%
HHCEC Dividends & Interest	(2,054.6)	(2,054.6)	(1,996.9)	-	-	-	(1,996.9)	57.7	(2.8%)
Supplementary Taxes	(325.0)	(300.0)	(325.0)	-	-	-	(325.0)	-	0.0%
Payment in Lieu of Taxes	(1,859.4)	(1,850.2)	(1,859.4)	-	-	-	(1,859.4)	-	0.0%
Tax penalties	(800.0)	(750.7)	(800.0)	-	-	-	(800.0)	-	0.0%
Capital Chargeback	(474.1)	(474.1)	(474.1)	-	-	-	(474.1)	-	0.0%
Transfer from Reserves	(371.2)	(341.5)	(188.2)	-	-	-	(188.2)	183.0	(49.3%)
Transfer from Reserves (debt charges)	(1,206.8)	(1,206.8)	(498.7)	-	-	-	(498.7)	708.1	(58.7%)
Transfer from DC (debt charges)	(3,009.5)	(3,009.5)	(2,366.2)	-	-	-	(2,366.2)	643.3	(21.4%)
Recoveries & Other (debt charges)	(70.2)	(70.2)	(70.2)	-	-	-	(70.2)	-	0.0%
Sub-total	(12,031.3)	(12,463.8)	(10,394.7)	-	-	-	(10,394.7)	1,636.6	(13.6%)
Special Levies									
Fair Workplaces	(153.5)	(153.5)	(153.5)	-	-	-	(153.5)	-	0.0%
Financial Sustainability	(1,599.7)	(1,599.7)	(1,599.7)	-	-	-	(1,599.7)	-	0.0%
Fire Services	(2,451.2)	(2,451.2)	(2,451.2)	-	-	-	(2,451.2)	-	0.0%
Infrastructure	(2,084.0)	(2,084.0)	(2,084.0)	-	-	-	(2,084.0)	-	0.0%
Infrastructure Gap	(1,256.0)	(1,256.0)	(1,611.0)	-	-	-	(1,611.0)	(355.0)	28.3%
Insurance	(377.0)	(377.0)	(1,464.7)	-	-	-	(1,464.7)	(1,087.7)	288.5%
Pavement Management	(1,884.0)	(1,884.0)	(1,884.0)	-	-	-	(1,884.0)	-	0.0%
Transfer to Operating Dept	1,704.9	1,704.9	1,704.9	-	-	-	1,704.9	-	0.0%
Sub-total	(8,100.5)	(8,100.5)	(9,543.2)	-	-	-	(9,543.2)	(1,442.7)	17.8%
Total Net Position	502.4	5,103.2	483.7	50.0	-	-	533.7	31.3	6.2%

The following commentary provides highlights of the 2023 budget changes:

- A $571,700 increase to insurance costs includes provisions for the shortfall in 2022 premiums and a 20% premium increase in 2023. As discussed in CORPSERV-2022-0026 (2023 Budget Directions), despite mitigation measures put in place by the Town, liability insurance premiums are expected to increase industry-wide by approximately 20%. This is due to inflationary pressures, rising construction costs and an increasing number of claims filed against the municipality.
  (Note: Insurance costs of $10,000, previously budgeted in other operating departments have also been consolidated into the insurance section above for a combined total increase of $581,700).
- A $183,000 reduction for election costs, following the completion of the 2022 municipal election. This is offset by a corresponding reduction in contributions from reserves.

- The net increase in contributions to the capital budget of $281,000 includes an increase of $421,000 to resume funding of the pavement management program that was temporarily directed to the operating budget to finance the insurance cost increase in 2022. This is offset by a $140,000 reduction in operating budget transfers for on-going capital programs to accommodate financial realignment undertaken through the LRFP.
- A $698,500 increase in contributions to reserves to sustain reserve balances, which is mainly driven by:
  - $355,000 (or 0.6%) increase - this annual on-going increase is a critical capital funding source to address the infrastructure gap identified in the 2018 State of Infrastructure Report (report no. RP-2019-0001). This increase is funded by a corresponding increase in the Infrastructure Gap special levy.
  - $200,000 increase to fund the rural road resurfacing program, which is being moved from the operating to the capital budget.
  - A net $121,000 provision to strengthen capital and tax rate stabilization reserves as per the LRFP.
- A $50,000 increase in contributions to the WSIB Self-Insurance reserve as approved through report CORPSERV-2021-0007. This will help mitigate the risk related to the exit of insurance providers from the market that offer excess indemnity insurance coverage for presumptive legislation.
- $1,575,500 decrease in financing and external transfers, which includes:
  - $1,350,700 reduction in debt charges as debt previously issued for Mold-Masters Sportsplex Arena ends in 2023. This project was growth-related and this reduction in debt charges is offset by a reduction in funding from development charges and the capital reserve (no net tax impact).
  - $224,100 reduction in debt charges as debt previously issued for the parking lot lighting ends in 2023. This saving is used to offset tax impacts in 2023.
- A net reduction of $53,500 (25%) in revenue from Halton Court Services is the second reduction of a four year plan to phase out reliance on this non-guaranteed revenue source.
- A $57,700 reduction in interest repayments from the Halton Hills Community Energy Corporation (HHCEC) promissory note in corporate revenue is offset by a corresponding reduction in contributions to reserves.
- An insurance special levy increase of $1,087,700 (or 1.83%) is proposed to offset the following:
  - A $571,700 increase to insurance costs as noted above.
  - Replacing $466,000 in one-time funding from the 2022 budget.
  - A $50,000 increase in WSIB self-insurance reserve contributions as noted above.