



Corporation of the Municipality of Temagami

Memo No.
2019-M-030

Memorandum to Council



Staff



Committee

Subject: Year End Budget Variance and Reserve Recommendation

Agenda Date: **March 12, 2020**

Attachments: Budget Variance Report; Reserve Balances

RECOMMENDATION

BE IT RESOLVED THAT Council receive the budget variance report for the end of the 2019 year;

AND FURTHER THAT Council approves funding the Temagami North Ditch project using the non-capital budget surplus, eliminating the Lot Creation Reserve of \$50,000 and transferring the remaining \$145,141.74 from the Discretionary Operating Reserve Account.

INFORMATION

The budget variance report for the end of the year is attached to this report.

While the report shows a deficit of \$195,141.74, when the unfunded capital (Temagami North Ditches) of \$282,477.13 is taken into account, we had an operating surplus of \$87,335.39. This was better than expected due largely to a \$17,000 rebate received from OCWA in our utility payments and \$26,000 returned to us in December by the Timiskaming Health Unit as they reexamined their working reserve policies.

At present, our reserves sit at \$3,507,386. This is higher than expected when the budget was prepared as there are still some projects, like the OP review, that have not been started or completed. It is the practice of your Administration not to transfer approved amounts from reserves until there are expenditures to be funded. For the most part, these transfers will be included in the 2020 budget based on Council's direction and ultimate approval.

As noted above, we have costs associated with the Temagami North Ditch Project that have not yet been funded. Administration's recommendation is to fund the \$282,477.13 in the following manner:

- Allocate the operating surplus to this project rather than to reserves
- Eliminate the Lot Creation Reserve of \$50,000 and apply it to this project
- Transfer the remaining \$145,171.74 from the Discretionary Operating Reserve Account

Should this recommendation be approved, there would be no unfunded capital amounts from 2019 that would need to be funded, or financed in the 2020 budget.

Respectfully Submitted:
Craig Davidson
Treasurer/Administrator