



**TOWN OF LAMONT
COUNCIL AGENDA
REQUEST FOR DECISION**

AGENDA ITEM:

COUNCIL MEETING DATE: July 14, 2020

ITEM DESCRIPTION OR TITLE

2020 Mid-Year Financial Budget Review and Reallocation

RECOMMENDATION

That Council authorize the reallocation of funds of the following accounts:

- Arena Contracted Services
- Street Contracted Services
- Arena building repair and maintenance
- Arena vehicle repair and maintenance
- Streets and Road Goods & Supplies
- Water Contracted Services
- Sewer Contracted Service
- Council Parade & Fair Expense
- Park Capital Program

The above reallocations of \$ 52,440 would fund the Arena Ice Plant Piping Repairs, Arena Furnace Replacement, Alley Repairs, and Pump Track project without an increase to the budget.

BACKGROUND

Part I – Justification for requesting approval for adjusting 2020 Revenue Budget

As per the 2020 budget (approved on December 3rd, 2019 Council meeting), the 2020 mill rates were determined an increase of one percentage for both residential and commercial properties. However, in order to provide financial supports to our residents due to the pandemic, Council decided to freeze the 2020 mill rates instead of implementing the planed one percentage increase and extended the deadline of tax payments (Ref: Motion 95/20 at April 14, 2020, Council meeting). Based on the change of direction from Council, Administration analyzed the revenue losses and the potential losses from taxation and other sources, such as the losses from recreation centre due to the shut down of facilities. Administration also submitted an operating expenditure reduction plan for Council's review and approval. The expenditure cut was approved by Council through the tax rate bylaw. The revenue adjustments are analyzed and presented within Section – Implications of Decision, for Council's review and approval.



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Part II – Justification for requesting a review of 2020 Budget vs Actual operation

Subsection 248(1) of Municipal Government Act (MGA) states that a municipality may only make an expenditure that is:

- a) included in an operating budget, interim operating budget or capital budget or otherwise authorized by the council,
- b) for an emergency, or
- c) legally required to be paid.

Subsection 248(2) of MGA states that each council must establish procedures to authorize and verify expenditures that are not included in a budget.

The Town Policy #12-17 also established the principles and procedures of the required approval(s) for unbudgeted or over-budgeted expenditures.

Part III – Unexpected expenses incurred due to COVID – 19 and Budget Reallocations.

- The Town incurred the following additional expenses of \$7,942 related to COVID-19. These are material costs or required services from external. However, no additional budget will be requested for these unexpected expenses, these additional expenses will be absolved in the Part I – Revenues Adjustments within the Section - Implications of Decision.

Summary by Dept.	Goods & Services	Telus	Freight	Public relations	Advertising	Total
Council	\$ 197			\$ 18	\$ 95	
Admin	\$ 3,185	\$ 150	\$ 61			
PW	\$ 676		\$ -			
Parks	\$ 1,779					
Hall	\$ 352		\$ 28			
Arena	\$ 1,019		\$ 56			
Curling Rink	\$ 297		\$ 28			
TOTAL	\$ 7,505	\$ 150	\$ 174	\$ 18	\$ 95	\$ 7,942

- The budget reallocation is presented in detail at Section of Implication of Decision.

COMMUNICATIONS

N/A

IMPLICATIONS OF DECISION

Part I – Budgeted Revenues Adjustments



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Administration is proposing a revenue adjustment of \$196,302 at this stage. The proposed amount of the revenue adjustment along with the unexpected expenses incurred related to COVID-19 will be balanced with the approved budget cut of \$204,245 as below.

Reconciliation

Reduced Revenues	(196,302)
Unexpected Expenses related to COVID-19	(7,942)
Approved Budget Cut	204,245
Variance	0

Details of the Revenue Adjustments:

<u>GL Account Code Name</u>	<u>Budget Amount</u>	<u>Requested Adjustments</u>	<u>Revised Budget</u>	<u>Note</u>
Residential Taxes	1,940,152	(83,824)	1,856,328	A
Commercial Taxes	489,574	(52,603)	436,971	A
Farmland Taxes	2,253	(49)	2,204	A
Minimum Tax Levy	24,751	(1,342)	23,409	A
Designated Industrial	300	(52)	248	A
Taxes Power & Pipeline	53,271	(3,985)	49,286	A
Grant In Lieu	13,207	(734)	12,473	A
Return On Investments	66,950	(23,838)	43,112	B
Tablecloths, Ice etc	6,000	(1,500)	4,500	C
Hall/Lobby Rental	16,000	(4,000)	12,000	C
Pop	3,000	(750)	2,250	C
Other	500	(125)	375	C
Arena/Meeting Room Rental	90,000	(22,500)	67,500	C
Concession	1,000	(250)	750	C
Recreation Rental	2,500	(625)	1,875	C
Recreation Rental Curling Rink	500	(125)	375	C
Total	2,709,958	(196,302)	2,513,656	

Note:

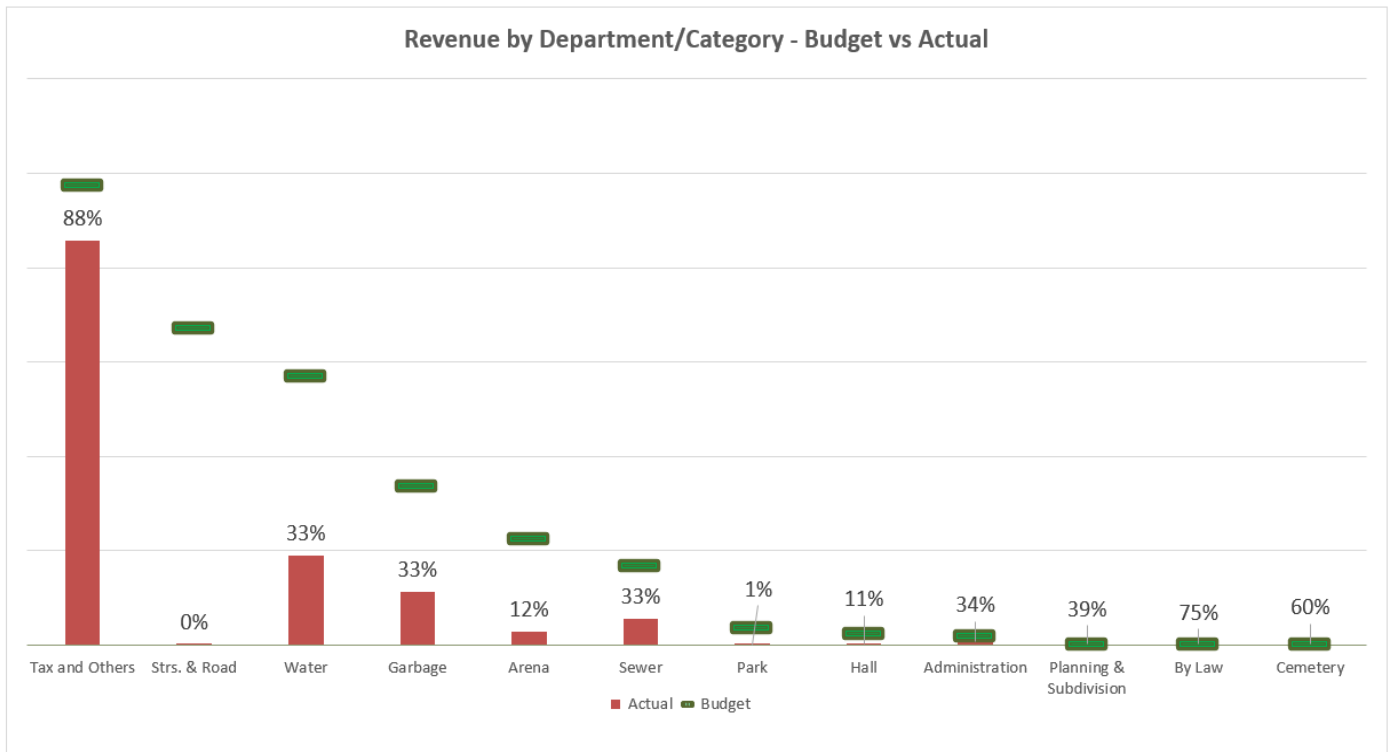
- A. To reflect the reduced mill rates.
- B. The earnings on the investments will be reduced significantly due to reduced interest rates and extension of tax payments. The interest rates in 2019 were around 1.7 to 2.3 percent. However, the current one-year fixed GIC rate is 1.1 percentage only.
- C. The estimation was based on a three-month shut down of the Recreation Centre.



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Part II – A review of 2020 Budget vs Actual operation

- Revenue Review:**



Departments	Budget	Actual	% of Completion	Note
Tax and Others	2,923,709	2,568,741	88%	A
Strs. & Road	672,900	758	0%	B
Water	569,910	189,773	33%	C
Garbage	338,095	113,723	34%	C
Arena	224,534	27,947	12%	D
Sewer	169,523	56,203	33%	C
Park	38,000	200	1%	E
Hall	25,500	2,845	11%	D
Administration	19,350	6,539	34%	D
Planning & Subdivision	3,000	1,159	39%	F
By Law	2,500	1,870	75%	G
Cemetery	2,000	1,200	60%	F

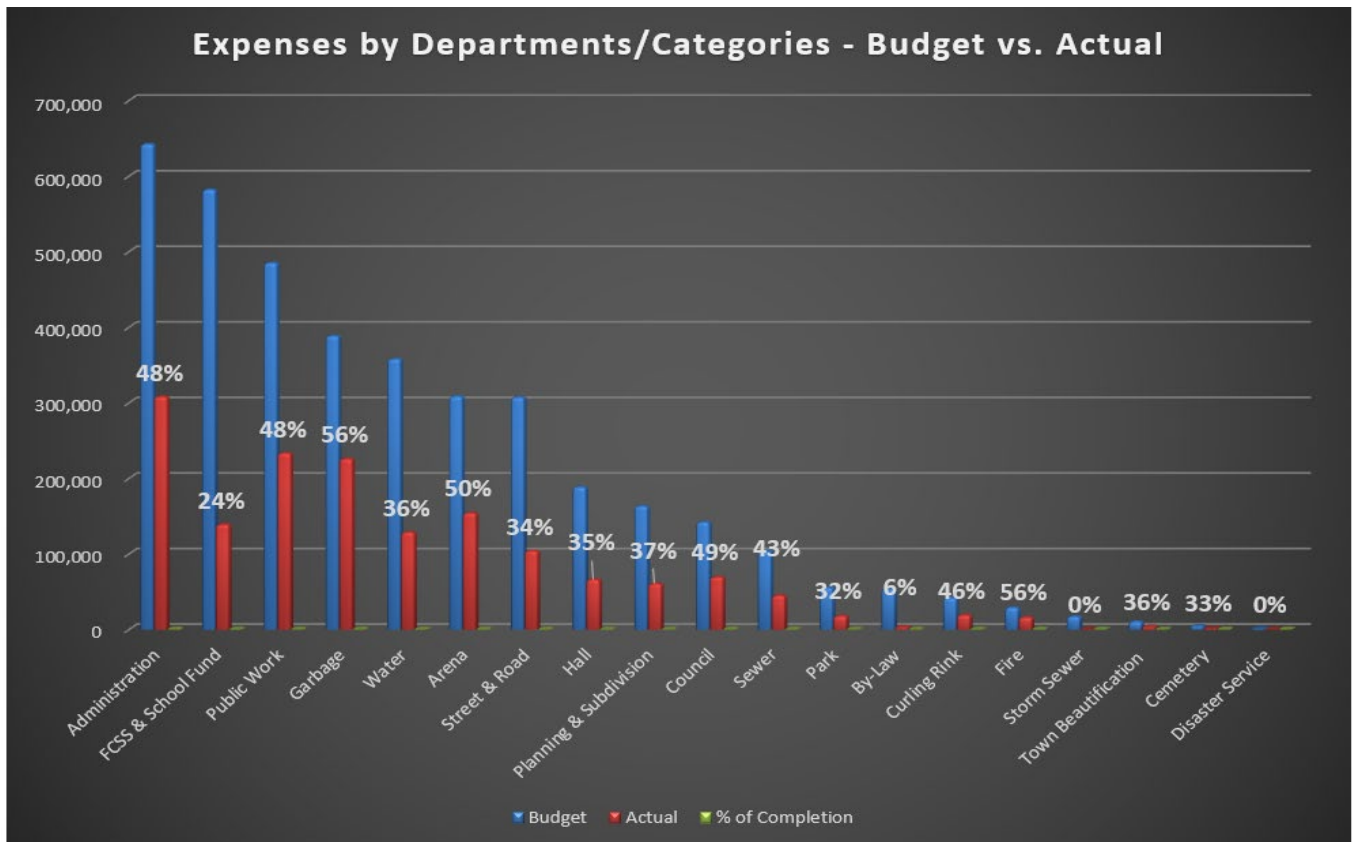


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Notes:

- A. The 2020 mill rates were budgeted for 1% increase initially, due to the impact of COVID-19, Council decided to freeze the mill rates in order to provide financial supports to the Town residents in the pandemic year.
- B. Timing issue. The budgeted \$672,900 for Streets and Road includes capital grants of \$400K and \$200K transfer from reserve. However, the capital grants was confirmed, but has not been paid. Transfer from reserve will be booked at the time the capital program started.
- C. Timing issue. Although the report is based on the transactions from January 1st to June 30th. May and June utilities billing is normally issued in the beginning of July.
- D. Declined revenues were due to the shut down of recreation centre.
- E. Two major sources of revenues at the Park, summer student grant and bike park fund raising, have not been booked yet. Summer student grants will be paid after September 1st and be booked then; funds for capital program bike park project will be booked at the time the project is under construction.
- F. The amount is within the range.
- G. The higher amount is because animal license fees were charged and paid in the beginning of each year.

Expenses Review:





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Departments	Budget	Actual	% of Completion	Note
Administration	642,331	308,144	48%	A
FCSS & School Fund	581,986	139,030	24%	D
Public Work	485,158	233,258	48%	A
Garbage	388,511	225,848	58%	B & C
Water	357,900	128,685	36%	B
Arena	308,574	154,062	50%	A
Street & Road	307,300	104,069	34%	B
Hall	188,505	66,260	35%	B
Planning & Subdivision	163,350	60,590	37%	B
Council	142,191	69,636	49%	A
Sewer	104,200	45,269	43%	B
Park	55,688	18,017	32%	B
By-Law	53,495	3,384	6%	B
Curling Rink	42,000	19,247	46%	A
Fire	29,250	16,296	56%	A
Storm Sewer	17,400	16	0%	B
Town Beautification	10,500	3,772	36%	B
Cemetery	4,800	1,600	33%	B
Disaster Service	1,500	0	0%	B
Total Expense	3,884,639	1,597,184	41%	

Note:

- A. The amounts of the actual spending as of June 30th are in line with the amounts in the approved budget.
- B. These expenses are also in the range of the budgeted amount given consideration that some of invoices from June period have not been received or paid before June 30th.
- C. The higher amount was because annual landfill requisition of \$107,717.31 was paid in full on May 6th, 2020.

Overall, the 41% of total expenditure in comparison with the total budgeted amount of expense is considered reasonable and within the budget range planned taking consideration that there are still some of unreceived or unpaid invoices before the date of reporting.



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Part III – Budget Reallocations

There are three (3) specific operating expense items we recommend reallocation:

- Item A - Arena Ice Plant Piping Repairs (estimated \$17,500)
- Item B - Arena Furnace Replacement (Estimated \$6,000)
- Item C - Alley Repairs (note: \$15,685 spent to date, requesting additional \$15,000 to assist in repair to priority lanes).

Item D - One capital item, Pump Track project, requests additional fund of \$13,255. The initial approved funding was \$27,000 for this project in the 2020 Budget. Based the information received today, July 14, 2020, the estimated cost will be \$40,255. The breakdown of the estimated cost as below:

- \$31,255 Bike Track
- \$3,500 Clay Material Delivered to Site (Schinginger)
- \$2,500 Limestone Aggregate Surface (Estimated. To be sourced, not available locally)
- \$0 Equipment (Donation, to be confirmed)
- \$3,000 Contingency Factor

- **\$40,255 Total Project Cost**

Please note that the reallocation would not increase the budgeted expense. The source of the funds for the above items will come from the reallocation from the following other expense accounts.

Reallocation for the source of funds:

- Items A and B - Account Arena Contracted Services needs additional funds of \$14,220 for these two items. The additional funds needed will be transferred from Arena building repair and maintenance account (\$7,110) and Arena vehicle repair and maintenance account (\$7,110).
- Item C - Streets and Roads Contracted Services needs additional funds of \$17,207. The additional funds will be transferred from Streets and Road Goods & Supplies account (\$7,000), Water Contracted Services account (\$5,000), and Sewer Contracted Service account (\$5,000).
- Item D – Park Capital Program accounts needs additional funds of \$13,255. The funds will be transferred from Council Parade & Fair Expenses account.

POLICY AND/OR LEGISLATIVE REFERENCES

- Subsections 248(1) & (2) of the MGA
- Policy #12-17 Unbudgeted or Over-Budgeted Expenditures Approval



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ATTACHMENTS

N/A

Report Prepared By: Robert Mu, Finance Officer

Approved by CAO:

A handwritten signature in black ink, appearing to be "R. Mu", is written over a horizontal line.