



Meeting Date: June 7, 2023

Submitted by: Tiffany Farrell, Director of Corporate Services

Report No: CPS-30-2023

Subject: Preliminary Year End Surplus and Reserve Fund transfers 2022

Recommendation:

THAT the transfer to reserves in 2022 for the general vehicles and equipment reserve fund in the amount of \$200,000.00 be approved;

AND THAT the transfer to reserves in 2022 for the roads capital reserve fund in the amount of \$379,755 be approved;

AND THAT the transfer to reserves in 2022 for the tax rate stabilization reserve fund in the amount of \$2,000,000.00 be approved; and

AND FURTHER THAT any remaining portion of the 2022 surplus be allocated to the roads capital reserve fund.

Purpose:

To transfer the money raised from the tax levy or additional revenue earned in 2022 based on the estimated surplus to reserves and reserve funds.

Background:

Each year, the Director of Corporate Services reconciles the money raised on the tax levy for operating projects. It is important that the money raised on taxes be transferred to reserves as determined by the Director of Corporate Services as outlined in the Municipality's Reserve and Reserve Fund policy.

The surplus will include:

1. Projects that were not completed or completed under budget and deferred to 2022 are reviewed.
2. Additional revenue earned in tax supported departments.
3. Additional funding received from the Federal and Provincial Governments.

Analysis:

The estimated operational surplus for 2022 is \$2.58M (2021 - \$2.79M).

The surplus is an estimate at this time and the amount may change once the audit is complete. The remaining surplus is positive or negative post audit will be transferred to or from the roads capital reserve fund. Staff have transferred the majority of the surplus into the tax rate stabilization reserve fund to be used in the creation of the 2024 budget.

On a regular basis, the Director of Corporate Services reports to Council on budget to actual amounts, and a surplus was projected from early on in 2022 due to the increasing revenues in property taxes attributed to growth. Overall, for 2022, approximately \$1.1M of the surplus related to additional revenue earned. Most of this additional revenue (property taxes, administration charges and rental revenue) is due to the unexpected growth in 2022 and the conservative budgeting coming out of the pandemic for our facilities. The municipality has historically budgeted conservatively on revenues, especially around supplemental property taxes as the processing time of these taxes is outside the Municipal control.

However, there is still a significant surplus resulting in overbudgeting in expenses. This was addressed as part of the 2023 budget deliberations and many operating accounts were re-evaluated and decreased. On a go forward basis, additional training will occur during the year around budgets with increased monitoring and collaboration among staff.

The following is the main factors contributing to the 2022 surplus:

Department/Division	Surplus	Notes
Property Taxes	\$ 445,922.36	Additional supplementals and less write offs than anticipated. Supplemental taxes due to growth and less write offs due to managing the farm/residential switches.
General Administration (including Ec Dev)	\$ 408,801.71	The surplus related to general administration is due to additional revenue earned in the year, specifically in interest income due to the increasing interest rates and administration costs

		<p>related to growth.</p> <p>Additionally, there were savings in expenses for general government relating to projects and initiatives being deferred, cancelled or coming in at a lower cost than budgeted.</p>
Council	\$ 41,809.10	The surplus in the council department is due to less spending in conference, seminars, meals, IT equipment and mileage.
COVID-19	\$ 109,640.00	The Municipality received funding related to COVID-19 from WSIB in 2022 that was not anticipated of \$66K and the expenses were under budget by \$43.7K
Fire Dept. and emergency management	\$ 165,418.66	The fire department was in a surplus position for the end of the year due to lower license costs, special operations, lower training, lower clothing and protective equipment, public receptions, conference and seminars costs.
Conservation Authorities	\$ 3,484.00	Lower Thames actual costs were less than budgeted.

Animal Control and Bylaw Enforcement	\$ 55,009.00	Less costs related to the animal control contract and no sub-contract for bylaw enforcement.
Transportation	\$ 668,371.15	This is mainly due to: Wages and benefits being under budget of \$388K, due to some salary gapping, and allocations of wages and benefits of this team to capital projects. Material costs were also under budget by \$195K.
Waste Management	\$ 72,960.00	The increasing growth added additional revenue in 2022 in addition to lower costs.
Cemetery	\$ 2,096.00	More revenue than anticipated in 2022 due to the sale of plots.
Facilities	\$ 417,442.00	More revenue than budgeted in the community centres and arena in the amount of \$166K. Additionally, decrease in expenses at many locations around utilities (hydro, heating, water and telecommunications) of \$168K. This would be due to budgeting higher coming out of COVID-19 assuming all facilities would be operational for the entire year.

Community Services	\$ 14,748.00	Community Services was slightly under budget due to the increase in some park revenue.
Drainage	\$ (33,316.00)	The drainage superintendent grant was lower than budgeted by \$23K and additional consulting costs of \$11K.
Debenture Payments	\$ -	No issues noted.
Planning	\$ (61,723.00)	Planning was over budget overall. Planning was under in revenue due to less developmental service billings in addition to more legal fees and write offs than anticipated.
Fleet	\$ 269,092.66	The Fleet budget is under budget due to more revenue than anticipated on the sale of older vehicles of \$104K. Additionally, this account was over budgeted for projected fuel cost increases in 2022 which resulted in \$65K in fuel savings, and savings on repairs and maintenance of \$105K.
Total Explained	\$ 2,579,755.64	

Financial Implications:

Refer to details above, increase in reserve funds at 2022-year end.

Strategic Plan:

This matter aligns with following strategic priorities:

- Responsive Municipal Government

The annual surplus report responds directly to Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

Attachments:

N/A