



**Meeting Date: May 22, 2024**

**Prepared By: Tiffany Farrell, Director of Corporate Services**

**Report No: CPS-30-2024**

**Subject: Preliminary Year End Surplus and Reserve Fund transfers 2023**

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**Recommendation:**

THAT the transfer to reserve funds in 2023 for the development charge exemption reserve fund in the amount of \$1,000,000.00 be approved;

AND THAT the transfer to reserve funds in 2023 for the roads capital reserve fund in the amount of \$183,655.00 be approved;

AND THAT the transfer to reserve funds in 2023 for the municipal drains reserve fund in the amount of \$200,000.00 be approved;

AND THAT the transfer to reserve funds in 2023 for the tax rate stabilization reserve fund in the amount of \$516,000.00 be approved;

AND THAT the transfer to reserve funds in 2023 for the buildings and facilities reserve fund in the amount of \$100,000.00 be approved;

AND THAT the transfer to reserve funds in 2023 for the legal reserve fund in the amount of \$150,000.00 be approved;

AND THAT the transfer to reserve funds in 2023 for the build Middlesex centre reserve fund in the amount of \$375,000.00 be approved;

AND FURTHER THAT any remaining portion of the 2023 surplus be allocated to the roads capital reserve fund.

**Purpose:**

To transfer the money raised from the tax levy or additional revenue earned in 2023 based on the estimated surplus to reserve funds.

**Background:**

Each year, the Director of Corporate Services reconciles the final surplus or deficit for operations. It is important that the money raised on taxes be transferred to reserve funds 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 2024 are reviewed.
2. Additional revenue earned in tax supported departments.
3. Additional revenue earned on proceeds of disposition of municipal assets.
4. Additional funding received from the Federal and Provincial Governments.

**Analysis:**

The estimated operational surplus for 2023 is \$2.53M (2022 - \$2.58M).

The surplus is an estimate at this time and the amount may change once the audit is complete. The difference in the surplus amount from the \$2.53M post audit will be transferred to or from the roads capital reserve fund.

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 2023 due to the increasing revenues in property taxes as a result of growth and interest income due to higher than anticipated interest rates for 2023. Overall, for 2023, approximately \$1.9M of the surplus related to additional revenue earned. 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.

The following is the main factors contributing to the 2023 surplus:

Department/Division	Surplus	Notes
<b>Property Taxes</b>	<b>\$ 590,480.39</b>	Supplemental property taxes due to growth and less write offs due to managing the farm/residential switches.
<b>General Administration (including Economic Development, Council and Conservation Authorities, Cemetery)</b>	<b>\$ 707,242.04</b>	<p>The surplus related to general administration department is due to additional revenue earned in the year, specifically:</p> <ul style="list-style-type: none"> <li>- interest earned on bank balances of \$303K and interest on outstanding accounts of \$102K</li> <li>- interest earned on municipal drain balances billed in 2023 of \$102K</li> <li>- Less amounts transferred from reserve funds to pay for operating projects due to the 2023 surplus in the amount of \$119K</li> </ul> <p>Additionally, there were savings in expenses for general government of:</p> <ul style="list-style-type: none"> <li>- Build Middlesex Centre initiatives (CIP and CI programs) under budget by \$67K</li> <li>- Council expenses were lower than anticipated for conferences, mileage and salaries and benefits</li> </ul>

<p><b>Fire Department and Emergency Management</b></p>	<p><b>\$ 104,398.33</b></p>	<p>The fire department was in a surplus position for the end of the year due to more revenue earned than budgeted of \$63K, as well as lower license costs, emergency operations, lower training, lower clothing and protective equipment, public receptions, conference, and seminars costs. Most of the fire operations salaries and benefit costs were more than budget in 2023, however, the department was anticipating this due to fire call volumes and training hours and cut back on other expenses to ensure they were not in a deficit position at the end of the year.</p>
<p><b>Animal Control and Bylaw Enforcement</b></p>	<p><b>\$ 38,416.96</b></p>	<p>More revenue for Bylaw enforcement of \$15K, as well as less costs related to sub-contract and non-capital equipment for bylaw enforcement and animal control.</p>

<b>Transportation and Drainage (including debt payments)</b>	<b>\$ 157,925.51</b>	<p>Transportation has a small surplus at the end of 2023. This is mainly due to:</p> <ul style="list-style-type: none"> <li>-Wages and benefits being under budget of \$200K, due to some salary gapping.</li> <li>-Subcontract, materials and equipment repairs and maintenance were over budget by \$76K</li> </ul> <p>However, conferences, training and licenses were under budget by \$31K.</p> <p>The drainage superintendent grant was lower than budgeted by \$28K which was offset by being under budget for consulting, write offs and training in the amount of \$12K.</p>
<b>Waste Management</b>	<b>\$ 59,397.00</b>	<p>Due to growth in the municipality, there was more Wheelie Bin revenue, with lower costs overall.</p>
<b>Community Services and Facilities</b>	<b>\$ 326,061.45</b>	<p>More revenue than budgeted by \$323K, specifically:</p> <ul style="list-style-type: none"> <li>- Komoka Community Centre increase in revenue of \$35K</li> <li>- Delaware Community Centre increase in revenue of \$20K</li> <li>- Ilderton Community Centre increase in revenue of \$27K</li> <li>- Ilderton Arena increase in revenue of \$58K</li> <li>- Wellness Centre increase in revenue of \$133K</li> <li>- Parks and recreational programming revenue of \$50K</li> </ul>

<b>Planning</b>	<b>\$ 103,632.13</b>	Planning was under budget overall due to salary gapping of \$155K. This was offset by being over in legal costs in 2023 by \$107K while being under in consulting costs by \$8K and serving costs for developers by \$56K.
<b>Fleet</b>	<b>\$ 437,101.19</b>	The Fleet budget is under budget due to more revenue than anticipated on the sale of older vehicles of \$170K over budget. Additionally, this account was over budgeted for projected fuel cost increases in 2023 which resulted in \$164K in fuel savings, and savings on repairs and maintenance of \$66K.
<b>Total Explained</b>	<b>\$ 2,524,655.00</b>	

**Financial Implications:**

Refer to details above, increase in reserve funds for 2023 yearend.

**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