



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn and Michele Kerswill
Position: Director of Finance and Deputy Treasurer
Title / Subject: Prior Year Surplus
Date of Report: October 3, 2024
Date of Meeting: October 21, 2024
Report No: 2024-FI-029

1.0 Issue / Origin

In preparing year-end 2022 and 2023, and in reviewing prior year financial statements, staff became aware that prior year surpluses from 2016 and 2017 were not fully allocated at year-end. Since that time staff have been investigating the year-end details for 2016 and 2017 and have found that the surpluses in these years were not fully allocated and were left in the unallocated total accumulated surplus on our annual financial statements.

This report addresses the unallocated surpluses and makes recommendations on reserve transfers, based upon the processes in place back in 2016 and 2017.

2.0 Analysis

From our review of year-end 2016, in comparison with the 2016 budget, we have determined that the year-end surplus was \$619,379 as follows:

Department	\$
General Administration	\$127,306
Protection	\$46,026
Building	\$64,350
Public Works	\$207,647
Waste Management	\$8,847
Recreation and Cultural Services	\$45,238
Planning and Development	\$13,046
Public Buildings	\$36,515
Fire	\$70,404
Total Surplus 2016	\$619,379

From our review of year-end 2017, in comparison with the 2017 budget, we have determined that the 2017 year-end surplus was \$823,013 as follows:

Department	\$
General Administration	\$383,845
Protection	\$10,084
Building	\$48,961
Public Works	\$102,326
Waste Management	\$10,519
Recreation and Cultural Services	\$122,678
Planning and Development	\$33,971
Public Buildings	\$89,672
Fire	\$20,957
Total Surplus 2017	\$823,013

For year-end 2016, a transfer of \$109,000 was made to tax rate stabilization reserve, however, the remainder was not transferred to any reserves nor was the surplus from 2017.

In prior years, the practice of the day was to allocate surpluses, per Council approval, to individual department Capital Reserve and/or Reserve Accounts (if they existed). Any remainder was recommended to be transferred to the Rate Stabilization Reserve.

Combined unallocated surplus for 2016 and 2017 is as follows:

Department	\$
General Administration	\$511,152
Protection	\$56,110
Building	\$113,311
Public Works	\$309,973
Waste Management	\$19,366
Recreation and Cultural Services	\$167,915
Planning and Development	\$47,018
Public Buildings	\$126,187
Fire	\$91,361
Sub-total	\$1,442,391
2016 Transfer to Rate Stab	(\$109,000)
Remaining Unallocated Surplus	\$1,333,391

Following the practices at the time, staff recommend that the surplus of \$1,333,391 be allocated as follows:

Department	\$
Rate Stabilization	\$402,152
Library Stabilization	\$80,274
Protection	\$56,110
Building	\$113,311
Public Works – Gravel	\$34,319
Public Works – Fleet	\$105,802
Public Works – Roads	\$155,673
Public Works – Sidewalks	\$2,467
Public Works – Streetlights	\$7,569
Public Works – Parking Lots	\$4,655
Public Works – Snow/Dust	\$18,852
Parks	\$87,640
Planning and Development	\$47,018
Public Buildings	\$126,187
Fire	\$91,361
Total	\$1,333,391

The public works combined surplus of \$329,338 has been allocated amongst the various public works reserve funds based upon a % of funds held in reserves for each component as at January 1, 2024. It would be time intensive for staff to determine how much surplus was from each component in 2016 and 2017, therefore, the surplus has been allocated out amongst the various public works reserves.

As it would be time intensive to determine how the Parks & Recreation surplus should be allocated amongst the parks components (and the amount is smaller), we have transferred the combined surplus of \$87,640 to the Parks Capital Reserve.

Prior to 2016, and after 2017, reports have come to Council at each year-end which made recommendations on allocating surpluses and the entries in these years were recorded properly.

As discussed during the 2024 budget process, the Township is in the process of preparing a financing plan for the long term replacement of our assets, however, we are aware that we have significant ongoing expense pressures (especially within fleet replacement), as well as future plans, which will need to be financed. Allocating the surplus funds to the appropriate reserves will assist with these requirements in the upcoming years and will reduce the levy requirement from future budgets.

Estimated Reserve Balances as at December 31, 2024

Category	Account Name	Estimated Balance
Reserves	Working Capital	\$500,000
Reserves	Election Costs	\$83,495.44
Reserves	Committed Projects	\$31,356.21
Reserves	Planning	\$52,313.00
Reserves	Legal Fees	\$90,000.00
Reserves	Golf Tourney	\$25,012.86
Reserves	Rate Stabilization	\$859,369.66
Reserves	Library Rate Stabilization	\$275,537.38
Total Reserves		\$1,917,084.55
Deferred Reserve Funds	DC – Engineering	\$1,631,002.69
Deferred Reserve Funds	DC – Fire	\$62,477.91
Deferred Reserve Funds	DC – General Government	(\$12,333.86)
Deferred Reserve Funds	DC – Parks	\$1,925,703.76
Deferred Reserve Funds	DC – Public Works	\$169,961.63
Deferred Reserve Funds	Federal Gas Tax	\$368,928.69
Deferred Reserve Funds	Building Fees	\$2,394.64
Deferred Reserve Funds	Parkland	\$254,069.95
Total Deferred Reserves		\$4,402,205.41
Capital Reserve Funds	Public Buildings	\$1,475,735.69
Capital Reserve Funds	Admin Equip Replacement	\$70,886.57
Capital Reserve Funds	IT	\$59,414.92
Capital Reserve Funds	CTH-OCA Improvements	\$279.71
Capital Reserve Funds	Fire	\$526,301.19
Capital Reserve Funds	Building Department	\$187,610.98
Capital Reserve Funds	Canine	\$155,117.17
Capital Reserve Funds	Roads – Gravel	\$526,323.26
Capital Reserve Funds	Roads- Thorah Island	\$0
Capital Reserve Funds	Roads – Fleet	\$1,034,311.99
Capital Reserve Funds	Roads – Roads and Bridges	\$2,602,788.80
Capital Reserve Funds	Sidewalks	\$179,325.57
Capital Reserve Funds	Arenas – Beaverton	\$596,531.42
Capital Reserve Funds	Arenas – Cannington	\$332,609.61
Capital Reserve Funds	Arenas – Sunderland	\$506,974.06
Capital Reserve Funds	Streetlights	\$117,668.91
Capital Reserve Funds	Harbour – Thorah	\$486,234.69
Capital Reserve Funds	Harbour – Beaverton	\$98,673.14
Capital Reserve Funds	Parking Lots	\$7,011.99
Capital Reserve Funds	Snow/Dust	\$288,706.20
Capital Reserve Funds	Parks	\$143,484.77
Total Capital Reserve Funds		\$9,395,990.64
Discretionary Reserve Fund	Brock Hydro	\$2,879,082.27
Discretionary Reserve Fund	Insurance	\$274,123.54
Discretionary Reserve Fund	Main Street Drainage	\$31,832.37
Discretionary Reserve Fund	Wilfrid Hall	\$9,648.53
Discretionary Reserve Fund	Manilla Hall	\$62,578.06

Discretionary Reserve Fund	Post Employment	\$236,712.39
Total Discretionary Reserve		\$3,493,977.16
Total All Reserve		\$19,209,257.76

3.0 Related Policies / Procedures

N/A

4.0 Financial / Budget Assessment

The estimated reserve balances will be updated per Council direction, following approval of this report.

5.1 Asset Management

N/A

5.0 Climate Change Impacts

N/A

6.0 Communications

N/A

7.0 Conclusion

Staff recommend that the surplus from 2016 and 2017, be allocated to the individual reserves, as outlined in this report.

8.0 Recommendation

That Council direct staff to allocate the surplus from 2016 and 2017 as follows:

Department	\$
Rate Stabilization	\$402,152
Library Stabilization	\$80,274
Protection	\$56,110
Building	\$113,311
Public Works – Gravel	\$34,319
Public Works – Fleet	\$105,802
Public Works – Roads	\$155,673
Public Works – Sidewalks	\$2,467
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