



## Corporation of the Township of Brock

### Staff Report to the Members of Council

**From:** Trena DeBruijn  
**Position:** Director of Finance/Treasurer  
**Title / Subject:** 2024 Year-End Surplus and Year-End Reserve Balances  
**Date of Report:** May 30, 2025  
**Date of Meeting:** June 23, 2025  
**Report No:** 2025-FI-019 be received; and that

#### 1.0 Issue / Origin

This report provides Council with a summary of the 2024 year-end surplus and makes recommendations on allocation of the surplus.

#### 2.0 Background

Each year, as part of the year-end work, staff finalizes the prior year surplus or deficit and provides a report to Council, making recommendations for Council consideration on the allocation of the surplus/deficit.

#### 3.0 Analysis – 2024 Year-End

The 2024 year-end operating surplus has been calculated as \$616,834 (which includes a Library Surplus of \$17,953) and is outlined below by department, along with high level explanations for the surplus/(deficit). Note, the explanation column is highlighting the main reasons for each department surplus/(deficit) and is not intended to explain the entire exact difference within each department:

| Department | Surplus /<br>(Deficit)<br>\$ | Major Explanations of Surplus / (Deficit)   |
|------------|------------------------------|---|
| Building   | (126,486)                    | <ul style="list-style-type: none"><li>Actual revenue was approximately \$187k less than 2024 budget, however, this loss was partially offset by expense savings of approximately \$21k, for a net loss of approximately \$166k</li><li>The net loss was reduced by a net transfer from building reserves of \$39k (reduced building</li></ul> |

|                |         |  |
|----------------|---------|--|
|                |         | <p>reserve to \$NIL), resulting in a final net loss for year-end of approximately \$126k for 2024.</p> <ul style="list-style-type: none"> <li>• <b>Note that as per new accounting standards for revenue recognition effective for year-end 2024, there was \$47k of Building Permit revenue that was deferred to 2025. This was discussed as part of the 2024 year-end audit report.</b></li> </ul> |
| CAO and HR     | 73,937  | <ul style="list-style-type: none"> <li>• Salary &amp; benefits savings due to salary gapping interim CAO transition period</li> </ul>  |
| Clerks         | 2,483   | <ul style="list-style-type: none"> <li>• Admin expense savings \$9k (Drainage Superintendent \$5k + Advertising/Other \$4k)</li> <li>• Salaries &amp; benefits exceeding budget -\$10k</li> <li>• Legal fees expenses exceeding budget from settlement payment net -\$9k</li> <li>• Special Legal Integrity/Ombudsman savings \$13k</li> </ul>   |
| Corporate      | 138,126 | <ul style="list-style-type: none"> <li>• Sale of Land/Property \$99k, offset by transfer to Reserves (-\$80k Ball Ave to Rate Stab, -\$19k Fleet sale proceeds to Capital R/F)</li> <li>• Region Insurance Pool Surplus \$23k, offset by \$13k Misc. Sundry Revenue decrease</li> <li>• Conference/Education \$28k savings</li> <li>• Budgeted contingency savings \$99k</li> </ul>                  |
| Council        | (4,130) | <ul style="list-style-type: none"> <li>• Conferences and Education exceeding budget as well as Council severance earned in year exceeding budget.</li> </ul>   |
| Fire           | 17,411  | <ul style="list-style-type: none"> <li>• Salary &amp; benefits exceeding budget -\$20k</li> <li>• Fire dept revenue increase \$19k</li> <li>• Fire Protective clothing exceeding budget -\$25k, offset by Donation received for turnout gear \$38k</li> </ul>  |
| Health Centres | 20,627  | <ul style="list-style-type: none"> <li>• Rental income increase \$11k</li> <li>• BHC operating expenses net savings \$6k</li> <li>• Cemetery Care &amp; Maintenance net savings \$4k</li> </ul>  |
| IT             | (271)   | <ul style="list-style-type: none"> <li>• IT subscriptions exceeding budget -\$15k, offset by approved transfer from R/F for new website \$7k</li> <li>• IT Telephone exceeding budget -\$10k, offset by IT Internet savings \$4k</li> <li>• IT salary exceeding budget -\$3k</li> <li>• Grant funding holdback received from 2022 capital project \$15k</li> </ul>                                   |
| Library        | 17,953  | <ul style="list-style-type: none"> <li>• Salary &amp; benefits exceeding budget -\$7k</li> <li>• Administration fees savings \$12k</li> <li>• Donation revenue increase \$6k</li> <li>• Bank interest revenue increase \$4k</li> </ul>   |
| Planning       | (3,824) | <ul style="list-style-type: none"> <li>• Planning revenue decrease -\$28k</li> <li>• Salary and benefit savings \$9k</li> <li>• Consulting and legal fees savings \$9k</li> <li>• Administrative expense savings \$5k</li> </ul>   |

|                    |          |  |
|--------------------|----------|--|
| Protection         | (21,768) | <ul style="list-style-type: none"> <li>• By-Law Salary &amp; benefits exceeding budget -\$21k (by-law staff assisted with crossing guards and crossing guard salaries are under budget).</li> <li>• POA revenue increase \$16k</li> <li>• K9 operating expenses exceeding budget -\$8k (vaccinations &amp; medication, pound supplies, cleaning supplies)</li> <li>• K9 Vehicle repairs exceeding budget \$3k</li> </ul>   |
| Public Buildings   | 58,393   | <ul style="list-style-type: none"> <li>• Salary &amp; benefits exceeding budget -\$9k</li> <li>• Town Hall rental revenue increase \$16k</li> <li>• Building repairs savings \$17k</li> <li>• Consultant savings \$8k</li> <li>• Rental equipment savings \$9k</li> </ul>  |
| Public Works       | (54,391) | <ul style="list-style-type: none"> <li>• Road revenue decrease -\$16k</li> <li>• Ontario Aggregate Resources revenue decrease - \$20k</li> <li>• Salary &amp; benefits savings \$35k</li> <li>• WSIB wages savings \$40k</li> <li>• Consultant savings \$16k</li> <li>• Rental equipment exceeding budget -\$174k, offset by Materials net savings \$75k</li> <li>• Note that the equipment usage net surplus transfer to Roads Reserve Fund was \$279k</li> </ul> |
| Parks & Recreation | 288,772  | <ul style="list-style-type: none"> <li>• Salary &amp; benefits exceeding budget -\$11k</li> <li>• Recreation program revenue increase \$24k</li> <li>• Arena rental revenue increase \$168k (BA \$77k, CA \$45k, SA \$46k)</li> <li>• Program materials savings \$27k (Camp \$8k, Parks \$16k, Rec \$3k)</li> <li>• Rental equipment savings \$47k</li> <li>• Tree planting program savings \$8k</li> </ul>  |
| Taxation           | 46,097   | <ul style="list-style-type: none"> <li>• Penalties and interest on taxes revenue increase \$126k, offset by decrease in additional payment in lieu revenue -\$67k, and decrease in additional supplementary billing revenue -\$13k</li> </ul>  |
| Treasury           | 176,180  | <ul style="list-style-type: none"> <li>• Salary &amp; benefits savings \$24k</li> <li>• Investment/Bank interest revenue increase \$109k</li> <li>• Consultant savings \$25k</li> <li>• Tax user fees revenue increase \$16k</li> <li>• Tax write-offs savings \$21k</li> </ul>  |
| Waste Management   | (12,275) | <ul style="list-style-type: none"> <li>• Rental equipment savings \$9k</li> <li>• Landfill tipping fee and supplies savings \$4k</li> </ul>  |

## Reserve Balances

Reserves and Reserve Funds are an important long-term financial planning tool for municipalities and are used to set aside funds for a future purpose.

### Definitions

|                       |   |
|-----------------------|---|
| Reserves              | Monies set aside by approval of Council and not restricted by legislation. Reserves can be related to projects that are of a nature prescribed and are managed by approval of Council.  |
| Deferred Reserve      | Deferred Reserves are an Obligatory Reserve Fund. These are monies that are set aside and legally restricted by Provincial Legislation, a Municipal By-law, or agreement. The funds are raised for a specific purpose and cannot be used for any other purpose. |
| Capital Reserve Funds | The Township of Brock has Capital Reserve Funds which is considered to be a Discretionary Reserve Fund. These are monies set aside for a specific purpose by Council and legislated by municipal by-law.  |
| Reserve Fund          | Monies set aside for a specific purpose as required by Provincial Legislation, Municipal By-Law, or agreement. The Township of Brock has both Obligatory and Discretionary Reserve Funds.   |

As at December 31, 2024, the Township had total reserves of approximately \$25,738,383 and an estimated year-end 2025 balance of \$18,412,015 as follows:

| Category                   | Account Name             | December 31, 2024   | Estimated Year-End 2025 |
|----------------------------|--------------------------|---------------------|-------------------------|
| Reserves                   | WORKING CAPITAL          | 500,000.00          | 500,000.00              |
| Reserves                   | ELECTION COSTS           | 83,495.44           | 111,345.44              |
| Reserves                   | COMMITTED PROJECTS       | 93,486.27           | 20,849.04               |
| Reserves                   | PLANNING                 | 62,018.00           | 52,313.00               |
| Reserves                   | LEGAL FEES               | 90,000.00           | 115,000.00              |
| Reserves                   | GOLF TOURNEY             | 47,233.06           | 1,246.02                |
| Reserves                   | RATE STABILIZATION       | 1,238,644.76        | 350,000.11              |
| Reserves                   | LIBRARY RATE STAB        | 275,537.38          | 240,563.38              |
| Reserves                   | ASSET MANAGEMENT         | -                   | 214,275.00              |
| <b>Total Reserves</b>      |                          | <b>2,390,414.91</b> | <b>1,605,591.99</b>     |
| <b>Obligatory Reserves</b> |                          |                     |                         |
| Deferred Reserve Fund      | DEVELOPMENT CHARGES - HS | 1,969,957.11        | 1,418,785.78            |
| Deferred Reserve Fund      | FEDERAL GAS TAX (CCBF)   | 1,092,126.68        | 163,321.58              |

|  |                         |                      |                      |
|--|-------------------------|----------------------|----------------------|
| Deferred Reserve Fund                  | BUILDING FEES           | 58,393.49            | 969.40               |
| Deferred Reserve Fund                  | PARKLAND                | 258,754.23           | 160,915.31           |
| <b>Total Obligatory Reserves</b>       |                         | <b>8,194,457.44</b>  | <b>3,312,672.20</b>  |
| <b>Capital Reserve (Discretionary)</b> |                         |                      |                      |
| Capital Reserve Fund                   | PUBLIC BUILDINGS        | 1,586,850.54         | 1,478,624.61         |
| Capital Reserve Fund                   | ADMIN EQUIP REPLACEMENT | 328,660.14           | 78,122.12            |
| Capital Reserve Fund                   | IT                      | 53,320.91            | 114,318.84           |
| Capital Reserve Fund                   | CTH-OCA IMPROVMENTS     | 283.47               | 285.86               |
| Capital Reserve Fund                   | FIRE                    | (262,531.98)         | 57,951.96            |
| Capital Reserve Fund                   | BUILDING DEPARTMENT     | 75,298.62            | 80,974.81            |
| Capital Reserve Fund                   | CANINE                  | 156,736.30           | 183,266.69           |
| Capital Reserve Fund                   | ROADS DEPARTMENT        | 5,412,832.06         | 4,373,290.88         |
| Capital Reserve Fund                   | SIDEWALKS               | 182,912.45           | 325,294.84           |
| Capital Reserve Fund                   | ARENAS                  | 2,609,950.48         | 1,883,773.27         |
| Capital Reserve Fund                   | STREETLIGHTS            | 169,859.67           | 171,711.10           |
| Capital Reserve Fund                   | HARBOUR                 | 678,160.45           | 703,443.51           |
| Capital Reserve Fund                   | PARKING LOTS            | 72,941.24            | 8,555.47             |
| Capital Reserve Fund                   | SNOW/DUST               | 299,612.66           | 300,114.66           |
| Capital Reserve Fund                   | PARKS                   | 231,786.85           | 289,270.98           |
| <b>Total Capital Reserve Fund</b>      |                         | <b>11,596,673.87</b> | <b>10,048,999.61</b> |
| <b>Discretionary Reserve</b>           |                         |                      |                      |
| Reserve Funds                          | BROCK HYDRO SALE        | 2,931,942.72         | 2,859,099.03         |
| Reserve Funds                          | INSURANCE               | 271,059.28           | 248,870.70           |
| Reserve Funds                          | MAIN STREET DRAINAGE    | 32,444.93            | 32,799.26            |

|                            |                 |                      |                      |
|----------------------------|-----------------|----------------------|----------------------|
| Reserve Funds              | WILFRID HALL    | 9,466.40             | 9,750.43             |
| Reserve Funds              | MANILLA HALL    | 66,828.15            | 48,672.55            |
| Reserve Funds              | POST EMPLOYMENT | 245,095.42           | 245,559.06           |
| <b>Total Reserve Funds</b> |                 | <b>3,556,836.90</b>  | <b>3,444,751.03</b>  |
|                            |                 |                      |                      |
| <b>Grand Total – All</b>   |                 | <b>25,738,383.12</b> | <b>18,412,014.83</b> |

### **Development Charges – Estimated Year-End 2025**

Development Charges for Hard Services includes Development Charges collected for both Engineering (Public Works) and Fire. The balance above of \$1,418,785.78 is allocated as follows:

- \$1,378,921.00 for Engineering
- \$39,864.78 for Fire

Development Charges for Soft Services includes Development Charges collected for General Government, Parks and Public Works Equipment. The balance above of \$1,568,680.13 is allocated as follows:

- \$(83.76) for General Government
- \$1,381,752.82 for Parks, Recreation and Library
- \$187,011.07 for Public Works Equipment

### **Arena Reserves - Estimated Year-End 2025**

The arena reserve has an estimated balance of \$1,883,773.27 as of December 31, 2025, and is allocated as follows:

- \$711,632.61 for Beaverton Arena
- \$754,348.14 for Cannington Arena
- \$417,792.52 for Sunderland Arena

### **Capital Reserve Fund – Roads – Estimated Year-End 2025**

The Capital Reserve Fund for Roads has an estimated balance of \$4,373,290.88 as of December 31, 2025, allocated as follows:

- \$530,039.54 for Gravel
- \$15,000 for Thorah Island Gravel
- \$1,464,959.42 for Fleet Replacement
- \$2,363,291.92 for Roads and Bridges

## Rate Stabilization – Estimated Year-End 2025

The Rate Stabilization Reserve is, for the most part, funded by surpluses in prior years. It is a discretionary reserve, and Council can allocate the funds from this reserve and is also used to offset any deficits at year-end.

The estimated balance for year-end 2025 does not include the funds received from the recent sale of the Wilfrid Hall as we are awaiting final expenses before a reconciliation can be completed. We estimate the net proceeds from the sale to be approximately \$315,000, however, this transfer has not yet been completed (and is not part of the estimated year-end reserve balance).

The unallocated surplus for 2024, not including the library share of the surplus of \$17,953, is \$598,881 and staff recommend the following allocation of the surplus:

- **Utilize funds of \$150,000 to assist with Township expenses related to Winter Disaster Event** - In early 2025, the Township experienced a significant winter event. The Township has incurred costs of approximately \$750,000 and is in the process of submitting a claim to the Disaster Recovery Assistance Program. If successful, the Township may receive assistance of up to approximately \$650,000, however, it is unknown for sure how much assistance will be provided by the Province, especially given the extensive impacts of the storm felt throughout the entire Province. As there is a degree of uncertainty to the funding to be received from the Province, if any, it is staff's recommendation that approximately \$150,000 should be set aside from the 2024 surplus to both cover the Township's share of the expenses (approximately \$100,000) but to also provide a buffer of \$50,000 for expenses that may not be approved for reimbursement by the Province. Staff recommend that these funds be placed within the Working Fund Reserve until it is known how much the Township will incur and that if there is anything remaining after reconciliation is completed, that the remaining funds be transferred to the Rate Stabilization Reserve.
- **Transfer \$100,000 to Public Works Winter Control Reserve** - The Township experienced a severe winter in 2024 and early 2025, resulting in overages in our winter control expenses. In the quarterly report to Council presented on May 26<sup>th</sup>, it was noted that the Township had exceeded its budget for winter control salaries for snow removal and that additional funds may be required. The budget for snowplowing and sanding was \$360,637 in 2025 and typically expenses are incurred six months out of the year. It is recommended that \$100,000 be transferred to the Public Works Winter Control Reserve and be used to assist with any winter control overages experienced for 2025. Should the corporation be in a surplus at year-end, the funds could either stay within the Public Works Winter Control Reserve or Council could decide to transfer funds to Rate Stabilization Reserve for use in 2027 and future years.

- **Transfer \$100,000 to the Financial Software Replacement Reserve** - As mentioned during budget time, the Township was notified that Microsoft Dynamics will be ending product support to the Township's financial software, Dynamics GP, as of September 2029. During the 2025 budget process, a total of \$75,000 was set aside as a transfer to reserves to assist with software replacement and it was noted that new software and implementation would exceed \$250,000 to \$300,000 and that further contributions would be required. Since that time, staff have been working on a plan to utilize remaining modernization funds provided to the Township in 2021/2022. It is staffs' opinion that the remaining modernization funds of approximately \$153,000 could be put toward the replacement of our financial software. To enable staff to continue with the software replacement planning, it is recommended that \$100,000 from the 2024 surplus be transferred to the financial software reserve. This will provide funding of approximately \$328,000 for the software replacement and would reduce pressure on the 2026 budget. Staff have been working with neighbouring municipalities (for potential economies of scale in purchasing and/or training) and have been investigating and completing software reviews, however, no software solution has been chosen to date. In addition, staff have been in communications with a neighbouring municipality about the possibility of sharing a resource for software implementation and will be working on this plan should both municipalities end up selecting to implement the same software.

If the above transfers are approved, the remaining 2024 surplus balance of approximately \$248,881 will be transferred to Rate Stabilization Reserve.

The Township has a number of ongoing competing needs for the limited funds available. In addition to the unexpected and unplanned winter disaster storm event and severe winter the Township faced this year, there are a number of issues and projects which require or may require additional funding that are putting a further strain on Township finances such as:

- By-Election for 2025 expected to cost approximately \$100,000 to \$125,000
- Ongoing Sunderland Arena Renovation Project that is going to tender
- Aging Infrastructure and an Infrastructure Funding Gap of approximately \$133.4 million over the next 10 years

As the Township has limited funds and limited capacity to generate additional funding, careful consideration and evaluation of issues and projects is required to make the best possible informed decisions with many competing demands.



## **Library Rate Stabilization – Estimated Year-End 2025**

As reported above, the Library has a surplus of \$17,953 at year-end 2024 and it is recommended that this surplus be transferred to the Library Rate Stabilization reserve.

### **4.0 Related Policies / Procedures**

N/A

### **5.0 Financial / Budget Assessment**

As outlined in the report.

### **6.0 Asset Management**

N/A

### **7.0 Climate Change Impacts**

N/A

### **8.0 Communications**

N/A

### **9.0 Conclusion**

This report provides a summary of all reserves as of December 31, 2024, and an estimate for year-end 2025. In addition, it recommends that the 2024 year-end surplus of \$616,834 (which includes a Library Surplus of \$17,953) be transferred to the respective reserves.

### **10.0 Recommendation**

It is recommended that report 2025-FI-019 be received; and that

The 2024 surplus of \$616,834 be allocated as follows:

- \$17,953 to Library Rate Stabilization;
- \$150,000 to Working Fund Reserve to assist with Winter Control Disaster Event;
- \$100,000 to Public Works Winter Control Reserve;
- \$100,000 to Financial Software Replacement Reserve; and
- Balance of approximately \$248,881 to Rate Stabilization Reserve.

Click or tap to enter Recommendation