



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Lisa Chen

Position: Director of Finance and Treasurer

Title / Subject: 2021 Operating Surplus

Date of Report: September 22, 2022

Date of Meeting: September 26, 2022

Report No: 2022-FI-013

1.0 Issue / Origin

To provide Council with an update on the 2021 year-end operating surplus and approve the surplus allocation.

2.0 Background

The 2021 Audited Financial Statements were presented to Council on July 25, 2022. It is important to note the surplus presented in the formal financial statements are presented on a consolidated basis and includes accounting adjustments that are different than how the operating budgets are presented. The purpose of this report is to provide Council with an update on the 2021 Operating Surplus in comparison to how the operating budget is prepared. The main differences are due to the inclusion of capital related items, depreciation expense, post-employment related benefits and Library Board operations.

3.0 Analysis

The 2021 Operating Surplus was \$1,617,139 including \$125,628 from the Library Board. The \$1,491,511 surplus from Township of Brock operations is mainly driven by:

1. \$300,700 lower personnel related costs
2. \$229,200 lower winter maintenance expenses
3. \$190,400 higher COVID Reserve funding
4. \$156,700 lower consulting services
5. \$111,100 higher planning application fees
6. \$95,900 higher supplementary property taxation revenues
7. \$94,600 lower utility expenses

8. \$43,700 higher interest and penalties on taxation revenues
9. \$203,000 higher legal fees

4.0 Related Policies / Procedures

2021 Approved Operating Budget

5.0 Financial / Budget Assessment

The \$1,491,511 surplus is recommended to be used towards future infrastructure replacement needs. In the 2020 Asset Management study, staff presented various options to build up capital reserves to address the infrastructure funding gap. While the funding strategy is still to be discussed and approved by Council, the surplus will be transferred to the Rate Stabilization Reserve as an interim measure. Council may provide direction in the future to re-allocate amounts from the Rate Stabilization Reserve.

6.0 Climate Change Impacts

n/a

7.0 Communications

n/a

8.0 Conclusion

9.0 Recommendation

THAT the 2021 Operating Surplus report be received;

AND THAT \$1,491,511 2021 Operating Surplus be transferred to the Rate Stabilization Reserve.