



REPORT FIN-2021-018

TO: Mayor and Members of Council

FROM: Mary Hasan, Director of Finance/Treasurer

MEETING DATE: June 16, 2021

SUBJECT: 2020 Township General Surplus
File No. F05 BUD

RECOMMENDATIONS

THAT Report FIN-2021-018 regarding the 2020 Township General Surplus be received; and

THAT the General Surplus balance as of December 31, 2020 of \$379,810 be allocated to the Asset Management Discretionary Reserve in accordance with Council Resolution No. 2019-347.

DISCUSSION

Purpose

The purpose of this report is to provide Council with a general status report on the 2020 Township General Surplus as at December 31, 2020. The total Township General Surplus is \$379,810 as per Financial Statement Note 7 of the audited financial statements presented to Council at the May 26, 2021 Council Meeting.

Background

Asset Management Discretionary Reserve

The 2019 Asset Management (AM) Plan recommended that the Township maintain a minimum target balance of \$2.0 million and a maximum target balance of \$4.0 million in its AM Discretionary Reserve. The projected balance of the AM Discretionary Reserve from 2021 to 2030 as outlined in Report FIN-2021-005 – Balances in Discretionary and Restricted Reserves presented to Council on February 10, 2021 is included in the table below:

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
\$3,397,249	\$3,404,910	\$2,229,116	\$2,212,394	\$3,255,642	\$4,405,378	\$5,661,619	\$5,749,760	\$6,595,385	\$8,698,527

As outlined in the table above, the projected balance is within the 2.0 million to 4.0 million target balance from 2021 to 2030. The table above had incorporated an estimated 2020 surplus allocation of \$449,532 allocated to the AM Discretionary Reserve in accordance with Council Resolution No. 2019-347.

Please note, although the estimated balance in the AM Discretionary Reserve is above the target balance from 2026 to 2030, this estimated balance is preliminary as costs continue to increase, new projects continue to come up, and contributions to this reserve from 2026 to 2030 are not guaranteed.

The policy adopted by Council through Council Resolution No. 2019-347 states that Council authorizes the allocation of all budget surpluses into the Township’s Asset Management Discretionary Reserve for the purpose of meeting future asset management obligations.

General Surplus Calculation

The calculation of the 2020 Township General Surplus is outlined below:

1. The total operating tax levy surplus (budget vs. actual expenditures and revenues) equals \$517,614.

The Building Cost Centre is not included below. The Building Code Act requires that the total amount of building permit fees meet the total costs for the municipality to administer and enforce the Building Code Act and Regulations. Building permit fees were established to fully recover the Township’s cost of providing building permit services, including an allocation of administrative overhead/indirect costs. Any surplus revenue from building permit fees is transferred to a reserve, to be drawn upon in years of declining building activity.

Department	Operating Tax Levy Surplus
Administration	\$174,758
By-law	\$(7,079)
Corporate	\$124,189
Council	\$7,070
Elections	\$0
Finance	\$154,942
Fire and Rescue	\$(17,066)
Heritage Committee	\$3,584
Library	\$5

Municipal Office	\$6,849
Optimist Recreation Centre	\$28,743
Parks	\$14,847
Puslinch Community Centre	\$(4,040)
PDAC Committee	\$2,778
Planning & Development	\$71,335
Public Works	\$(44,115)
Recreation Committee	\$384
Source Water Protection	\$429
Operating Tax Levy Surplus	\$517,614

1. For audit purposes, the Township is required to estimate an amount for its post-employment benefit obligation which should not be incorporated in the surplus. The entry in 2020 resulted in a decrease in the obligation of \$9,208. Therefore, \$9,208 must be subtracted from the surplus as the post-employment benefit is separate from the surplus.
2. For audit purposes, the Township is required to estimate an amount for future tax write-offs or future supplemental tax billings based on the average tax write-offs and supplemental tax billings over a three-year period. The entry in 2020 resulted in a decrease in the taxes receivable balance of \$42,093 which should be subtracted from the surplus.
3. Net operating contributions to discretionary reserves of \$58,913 should be subtracted from the surplus.
4. Total capital expenditures (including tangible capital asset and non-tangible capital asset expenditures) including net contributions to capital discretionary reserves amounted to \$3,101,983. Total funding for these capital expenditures amounted to \$3,074,337. Therefore, the difference of \$27,646 should be subtracted from the surplus.

Total Operating Tax Levy Surplus	\$517,614
Item 1	(-\$9,208)
Item 2	-\$42,093)
Item 3	(-\$58,913)
Item 4	(-\$27,646)
Total Estimated Surplus	\$379,754

FINANCIAL IMPLICATIONS

The 2020 Township General Surplus as calculated above is \$379,754. The total Township General Surplus verified through the 2020 audit is \$379,810 as per Financial Statement Note 7 of the audited financial statements presented to Council at the May 26, 2021 Council Meeting.

APPLICABLE LEGISLATION AND REQUIREMENTS

Municipal Act, 2001

ATTACHMENTS

None