

COUNCIL REPORT

Meeting Date: November 15, 2021
Department: Finance
Report No.: FIN-2021-14
Submitted by: William Dakin, Director of Finance / Treasurer,
Lindsay Laskey, Manager of Accounting / Deputy Treasurer
Approved by: Fred Tranquilli, Chief Administrative Officer / Clerk
SUBJECT: **Approval of 2020 Transfers to/from Deferred Revenue, Reserves and Reserve Funds**

RECOMMENDATION: THAT: Council:1) Confirms transfers to deferred revenue, reserves and reserve funds in 2020 of \$13,814,182 and transfer from deferred revenue, reserves and reserve funds in 2020 of \$8,906,917; and 2) Approves the transfer of 2020 year-end operating net revenue of \$6,198,831 and 2020 capital net revenue of \$(6,091,957) to/from departmental reserves.

STRATEGIC PLAN ALIGNMENT:

This matter is in accord with the following strategic priorities:

1. Allocate sufficient resources for capital and operating infrastructure needs
2. Households and businesses in Strathroy-Caradoc are supported by reliable, financially responsible and well-maintained infrastructure networks.

BACKGROUND:

As required by legislation Council approves transfers to and from deferred revenue, reserves and reserve funds. This report summarizes the request to confirm transfers done in 2020, most of which were in budget, and recommends transfers of 2020 year-end operating and capital net revenue to department reserves.

COMMENTS:

The attached Summary Activity of Reserves and Reserve Funds 2020 summarizes deferred revenue and reserve activity for 2020.

Transfers to Deferred Revenue, Reserves and Reserve Funds

\$13,814,182 was transferred to deferred revenue, reserves and reserve funds. \$4,757,344 of this amount relates to the transfer of the 2019 operating surplus, and \$6,198,831 relates to the transfer of 2020 operating surplus. Other noteworthy amounts include \$633k in AMO Gas Tax funding received,

\$255k MTO Transportation Grant received, and \$807k in departmental transfers to the fleet reserve. In addition to the above, total interest earned on the reserve funds in 2020 was \$126,948.

Transfers from Deferred Revenue, Reserves and Reserve Funds

\$8,906,917 was transferred from deferred revenue, reserves and reserve funds. \$9k relates to the employee compensation survey, \$41k to the strategic plan, \$40k on various EPW studies, utilization of \$473k from the AMO Gas Tax reserve on capital projects, \$160k of the MTO Transportation Grant spent on the inter-community bus service, \$304k of deferred OCIF funding on capital projects, \$320k on fire SCBA and new fire engine add-ons, \$770k on fleet purchases, and \$5.4mil in water and wastewater rates utilized to finance capital projects.

Development Charges

Total interest earned on development charges in 2020 was \$155,250 and development charges totaling \$5,947,059 were received. \$1.8mil in DCs were spent on capital projects.

The attached Proposed Transfer of 2020 Department Operating and Capital Net Revenues to Reserves shows a net allocation of \$6,198,831 to reserves from operations, and a net allocation from reserves of \$6,091,957 to capital projects. Both transfers are included in the amounts presented above.

CONSULTATION:

Finance Department staff

FINANCIAL IMPLICATIONS:

These transfers will help to improve the financial stability of the Municipality and to meet its future spending requirements.

ATTACHMENTS:

- Summary Activity of Reserves and Reserve Funds in 2020
- Proposed Transfer of 2020 Operating and Capital Net Revenues to Reserves