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Date: November 18, 2019

To: Mayor and Council

Author: Ryan McLeod, Director of Financial Services

RE: 2019 Year End Capital Project Carry Overs and Reserve Transfers

Report No.: FS-2019-16

AIM

To recommend the transfer of certain unexpended funds to reserves at year end.

BACKGROUND

The 2019 tax rate was established to fund various operating and capital expenditures within the budget year. Forecasting these expenditures often requires Administration to make significant estimates which may or may not materialize. With respect to capital projects in particular, various circumstances, such as weather or contractor availability can have a significant impact on the timing of project completion. Administration will often recommend that the tax dollars associated with any projects in process at year end are set aside to fund their completion in the next budget cycle.

When determining which projects or unspent funds to transfer to reserves, the following factors are considered:

- Commitments to legislative or contractual obligations
- Strategic goals of the municipality
- Non tax related funding sources related to the project (eg. Grants, reserves)
- Stability of future tax rates

DISCUSSION

Operating Budget Transfers

Administration is requesting the following operating budget reserve transfers:

- Any unspent funds from the General Insurance Deductible (01-112-099-60313) and Professional Services – Legal / HR (01-112-099-60319) budget lines to the Budget Stabilization Reserve (31063).

- During the year, the Town received \$124,505 in forfeited indemnity deposits which were not anticipated in the 2019 budget. This revenue is currently recorded in Public Works budget. Administration recommends transferring these funds to the PW Capital Reserve (39068) to address future infrastructure needs.
- The Mayor's Golf Tournament (01-171-179-40527) generated a surplus of approx. \$7,800. Administration recommends transferring this, along with any other Mettawas Park donations received during the year to the Mettawas Park Reserve (31062)
- Any Pickleball court fees collected (01-171-060-40610) in excess of court maintenance costs should be transferred to the Pickleball Reserve (39120).
- The 2019 Highland Games exceeded expectations and generated a surplus of approx. \$29,000. Administration would recommend transferring this surplus to a new Highland Games Reserve account to help stabilize the budget for this event going forward.

Capital Budget Transfers

The following capital projects are in progress and a portion of the expenses associated with these projects may carry over into 2020. Administration recommends transferring the unspent tax funded portion of these capital projects to reserves as follows:

To the Public Works (PW) Capital Reserve (39068):

- Bridge #18 - Road 11 over Ruscom River – Engineering (01-130-360-71825)
- Bridge #32 - Cedar Island Bridge Engineering and Rehab Work (01-130-360-71923)
- Talbot Service Road Bridge Removal and New Access (01-130-360-71924)
- Main Street West Reconstruction - Finalize Engineering (01-130-360-71546)

To the Lion's Hall Prop. Development Reserve (31049)

- Lions Park Redevelopment Phase (1A & 1B) (01-171-360-71645)

To the Parks Property Reserve (31043):

- Range Light Relocation (01-171-360-71934)
- Cottam Revitalization – Ridgeview LED Lighting (01-171-360-71935)

To the Marina Improvement Reserve (31057):

- Steel Piling at Boat Ramp (01-173-360-71938)

During the year, Administration finalized the assessment schedule for the construction of the Road 11 water main. As per council's direction, any vacant properties abutting the water main were assessed 50% of the costs up front, with the remaining 50% payable upon development of the property. Administration recommends financing the deferred portion of the water main assessments, amounting to \$66,060, from the Water main Maintenance Reserve (39005). If these vacant lands are developed in the future, a corresponding repayment to the Water main Maintenance Reserve will occur.

Council should also note that any grant funds received during the year, which were not spent on their intended purpose, will be transferred to a reserve and applied against eligible expenditures in future years.

LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

To become a leader in sustainable infrastructure renewal and development.

FINANCIAL CONSIDERATIONS

The operating reserve transfers will help stabilize future tax rates and provide Administration with resources address unforeseen events.

The capital reserve transfers outlined in this report are intended to recognize ongoing projects in accordance with council approved commitments and to ensure future tax rate decisions are not impacted by previously approved capital projects.

CONSULTATIONS

Senior management team.

RECOMMENDATION

That council approve the following operating budget reserve transfers:

- Unspent funds from the General Insurance Deductible (01-112-099-60313) and Professional Services – Legal / HR (01-112-099-60319) budget lines to the Budget Stabilization Reserve (31063).
- Proceeds from forfeited indemnity deposits to the PW Capital Reserve (39068)
- Net proceeds from the Mayor's Golf Tournament, along with any other Mettawas Park donations received during the year to the Mettawas Park Reserve (31062)
- Pickleball court fees collected in excess of court maintenance costs to the Pickleball Reserve (39120).
- The surplus from the 2019 Highland Games to a new Highland Games Reserve account

That council approve the transfer of the unspent tax funded portion of the following capital projects to reserves:

To the Public Works (PW) Capital Reserve (39068):

- Bridge #18 - Road 11 over Ruscom River – Engineering (01-130-360-71825)
- Bridge #32 - Cedar Island Bridge Engineering and Rehab Work (01-130-360-71923)
- Talbot Service Road Bridge Removal and New Access (01-130-360-71924)
- Main Street West Reconstruction - Finalize Engineering (01-130-360-71546)

To the Lion's Hall Prop. Development Reserve (31049)

- Lions Park Redevelopment Phase (1A & 1B) (01-171-360-71645)

To the Parks Property Reserve (31043):

- Range Light Relocation (01-171-360-71934)
- Cottam Revitalization – Ridgerview LED Lighting (01-171-360-71935)

To the Marina Improvement Reserve (31057):

- Steel Piling at Boat Ramp (01-173-360-71938)

That council approve the transfer of the deferred assessment on the Road 11 water main project, amounting to \$66,060, to the Water main Maintenance Reserve (39005).

Ryan McLeod

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Director of Financial Services

Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
Chief Administrative Officer