

Council Policy No.:	
Council Policy Name:	Operating Surplus Disposition Policy
Date Approved by Council:	
Date revision approved by Council:	
Related SOP, Management Directive, Council Policy, Forms	

### Policy Statement and Rationale:

Through the annual budget process, the Municipality aims to be fiscally responsible while providing service excellence. Occasionally, annual surpluses are experienced and represent one-time funding that creates a strategic opportunity to contribute funds to reserves. The creation of an Operating Surplus Disposition Policy provides the Municipality with a financing source for occasional deficits and streamlining fluctuations in operating budgets.

The purpose of this policy is to provide standard practice to address operating budget surpluses to increase the City's flexibility to address uncontrollable external factors and provide a mitigation strategy to respond to future needs.

### Scope:

The Operating Surplus Policy applies only to the Municipality of the City of Kawartha Lakes and shall not be applied to its committees and outside boards for which Council is required to approve annual budgets.

### Definitions:

"City" or "Municipality" means the Corporation of the City of Kawartha Lakes.

"Council" means the municipal council for the City.

"Operating budget" means, in accordance with the Municipal Act and as approved by Council, a plan of expenses and revenues for the provision of City services, including operation and maintenance of assets.

“Surplus (Deficit)” means the positive (negative) budget balance in an operating segment.

“Treasurer” means the person who holds that position and his or her delegate(s) or, in the event of organizational changes, another person designated by Council;

## **Policy:**

### **1.0 Responsibilities**

- 1.1 The Treasurer or their designate has the authority to allocate the Operating Surplus (or Deficit) as approved under Section 2 of this Policy.
- 1.2 The Treasurer or their designate has the responsibility to provide Council with an annual report on the disposition of the Operating Surplus.

### **2.0 General Guidelines**

- 2.01 Annual operating surpluses shall be considered and allocated pursuant to 2.02 to 2.15. The net operating surplus will be disposed of pursuant to 2.16.
- 2.02 Underutilized budget debt payments shall be transferred to the General Tax Stabilization Reserve, committed to debt payments. Similarly, in years where the City experiences unforeseen increases in debt payment, transfers from the General Tax Stabilization Reserve, committed to debt payments, will be made to offset said increases.
- 2.03 Surplus incurred from the sale of land shall be allocated to the Property Development Reserve.
- 2.04 Revenue from Fenelon Falls Hydro Generation shall be allocated to the Fenelon Falls Powerlink Reserve.
- 2.05 Licensing fees generated from the Norland Dam shall be allocated to the Norland Dam Reserve.
- 2.06 Kawartha Lakes Municipal Airport surplus (deficit) shall be transferred to (from) the Airport Reserve.
- 2.07 Any surplus (deficit) incurred by the Building Department (17300) shall be transferred to (from) the Building Reserve in accordance with the Building Code Act.

- 2.08 Surpluses (deficits) experienced in the Water and Wastewater operating financials, shall be transferred to the respective Water and Wastewater User Rate Stabilization Reserve.
- 2.09 Annual operating surpluses (deficits) incurred by the Kawartha Lakes Haliburton Housing operations shall be transferred to (from) the Local Housing Surplus Reserve.
- 2.10 In the year of a Municipal Election, any surplus (deficit) amounts shall be transferred to (from) the Election Reserve.
- 2.11 Any surplus (deficit) in an area rate shall be transferred to (from) the Area Rate Stabilization with the following commitments:
- Transit
  - Ontario Provincial Police
  - Kawartha Lakes Police Service

In the event there is a deficit and insufficient reserve balances to cover said deficit, it will be included in the subsequent year tax levy.

- 2.12 Annual surplus (deficit) from Winter Control activities shall be transferred to (from) the General Tax Stabilization Reserve, committed to Winter Control.
- 2.13 Wage related surplus (deficits), with the exception of Departments mentioned in 2.07 to 2.11, shall be transferred to (from) the People Services Stabilization Reserve.
- 2.14 Surplus (deficits) incurred in Fleet Maintenance after 2.13 is applied, shall be transferred to (from) the Fleet Maintenance Reserve.
- 2.15 Arts and Culture, Public Art (17510.72980) surplus shall be transferred to the City Heritage Reserve and committed to future investment in Public Art.
- 2.16 In the event there are remaining surpluses following the above noted guidelines, the remaining surplus shall be allocated to the Tax Stabilization Reserve.

### **3.0 Future Considerations**

- 3.01 The Treasurer or their designate shall consider the City's needs on an annual basis regarding the General Guidelines of this Policy.

**Revision History:**

Proposed Date of Review:

<b>Revision</b>	<b>Date</b>	<b>Description of Changes</b>	<b>Requested By</b>
0.0	[Date]	Initial Release	