



# Council report

<b>Meeting date:</b>	January 4, 2022
<b>Title:</b>	Year End Surplus
<b>Prepared by:</b>	Kerri Mighton, Director of Finance/Treasurer
<b>Reviewed by:</b>	Laura Johnston, CAO

## Recommendation

That council direct staff to continue to include in the budget bylaw that the general year end surplus be transferred to a future capital reserve.

## Executive summary

Starting with the 2022 budget, staff implemented Budget Request Forms (BRFs) to present new items for council consideration and approval. These forms would include a recommendation for use of any savings from efficiencies. Since the final year end surplus or deficit is not known until the audit is complete, which is after the budget bylaw would typically be passed by council, staff recommend that the practice of transferring any year end general surplus to a general capital reserve be continued. This automatic transfer of year end surplus has been a useful tool to build a reserve for future capital.

## Background and discussion

At the June 1, 2021, meeting council passed the following motion:

Whereas West Grey staff are dedicated to continuous improvement and finding efficiencies in municipal operations; and

Whereas year-end surpluses and operational savings have traditionally been allocated to a capital reserve; and

Whereas council deems it expedient to consider staff recommendations for the allocation of any year-end surplus that may assist in implementing efficiencies; and

Now therefore be it resolved that a staff report be included in the 2022 preliminary budget meeting outlining options for year-end surplus or deficit, including the option of presenting any surplus generated as a result of implementing efficiencies during budget deliberations, with a



January 4, 2022 (2)

request to allocate these for funding further efficiencies.

Starting with the 2022 budget, staff have implemented Budget Request Forms (BRF) to present new items for council consideration. These forms include comprehensive presentation for new costs, costs savings from efficiencies, revenue sources, etc., depending on the item to be deliberated for final council approval.

Starting in 2013, the budget bylaw has included a section which states, "that any remaining year end general surplus shall be transferred to a future capital reserve". The final year end surplus or deficit is not known until the audit is complete, which is after the budget bylaw would typically be passed by council. The transfer of any year end general surplus to this capital reserve is discretionary and council can change this direction by amending its bylaw. This automatic transfer of year end surplus has been a useful tool to build a reserve for future capital. The ending balance in the general capital reserve for 2020 was \$1,467,307 and the draft 2022 budget includes using \$421,683 of this reserve which would leave a balance of \$1,045,624.

## Legal and legislated requirements

The Municipal Act

## Financial and resource implications

If the automatic transfer of year end surplus to a future capital reserve within the budget bylaw is discontinued, then council should consider commitment of funding additional capital reserves in its annual budget.

## Staffing implications

N/A

## Consultation

Laura Johnston, CAO

## Alignment to strategic vision plan

Pillar: Build a better future

Goal: Vibrant community

Strategy: Maintain and invest in our infrastructure



January 4, 2022 (3)

Attachments

N/A

Next steps

Incorporate council direction into preparation of the budget bylaw.

Respectfully submitted:

Kerri Mighton, director of finance/treasurer