

	Title: Allocation of Operating Budget Surpluses	Policy No: CO-83
	Category: Council Policy	Section: Corporate Services
	Authority: Council	
	Date Adopted:	

## Purpose:

This Policy provides the guidelines for the allocation of operating budget surpluses. A major objective of the City is to sustain a financially viable municipality that can provide an adequate level of municipal services and support the City's long term capital plan. The City recognizes that an important component for reaching and maintaining this objective is the management of operating budget surpluses.

## Scope:

This policy outlines the allocation of operating surpluses for the General, Water and Sewer & Drainage funds.

## Definitions:

### “Operating Budget Surplus”

shall mean the excess of revenues over expenditures as compared to the annual operating budget approved by Council.

### “City”

shall mean the City of Langley.

### “Council”

shall mean the municipal Council of the City of Langley.

### “Contingency Reserves”

shall mean reserve categories established to provide non-designated funds to stabilize the temporary impact of unforeseen, non-recurring emergent one-time expenditures or losses of revenue and to ensure service levels.

## **Policy Statement:**

The City will manage the annual allocation of operating budget surpluses in a fiscally responsible manner acting as good stewards of the City's resources managing costs and investing for the future.

- General Fund operating surplus (other than those generated by policing services) shall be allocated to the Capital Works Reserve. Policing service operating surpluses are allocated to the Future Police Cost Reserve.
- Water Fund operating surplus shall be allocated to the Water Future Capital Reserve.
- Sewer & Drainage Fund operating surplus shall be allocated to the Sewer Future Capital Reserve.

## **General:**

- The allocation of operating budget surpluses will be consistent with achieving Council's vision and area of strategic priority to "Provide Reliable Municipal Infrastructure" by providing funding to support the City's long term capital plan.
- The City does not budget for a deficit or plan for surpluses. The City shall adopt a balanced budget whereby operating revenues are equal to operating expenditures for each year.
- Operating budget surpluses represent one-time funding that, by its nature, cannot be relied on to recur on an ongoing basis. Therefore, operating budget surpluses shall be allocated to fund one-time, generally non-recurring expenditures (i.e. capital, reserve contributions to achieve/maintain optimal balances).
- The City uses operating budget surpluses to fund reserves as part of a sound financial system. Reserves provide for future funding requirements, stabilize operating and capital activities, provide contingency funding for unforeseen or emergency expenses, and lessen the reliance on debt financing.
- Operating budget surpluses shall be calculated in conjunction with the audit of the City's annual consolidated financial statements. The year-end operating budget surpluses shall be reported in a regular meeting of Council on or before May 15th of the following year.
- As operating budget surpluses are non-recurring in nature, they shall not be applied to the following year's operating budget to fund ongoing expenditures, and/or to reduce the following year's tax rate.
- Operating budget surpluses of self-sustaining operations, including utility operations, will only be allocated within these operations and respective reserves.

**References:**

Policy Number:	CO-83
Policy Owner:	Director of Corporate Services
Endorsed by:	Senior Management Team
Final Approval by:	
Date Approved:	
Revision Date:	
Amendments:	
Related Policies:	
Related Publications:	