

<b>TITLE: OPERATING AND CAPITAL SURPLUS/DEFICIT</b>	<b>SECTION: FINANCIAL SERVICES</b>
<b>DATE: June 23, 2011</b>	<b>POLICY NO.: FNS-III-04</b>
<b>APPROVED BY: Resolution No. 2011-82</b>	<b>REVISED/REVIEWED DATE: January 15, 2020</b>

**1. POLICY STATEMENT**

The Board is committed to the provision of effective and efficient district-wide services that support its individuals, families and communities in reaching their full potential. The Board's plans and priorities are established and implemented, through an allocation of resources to accomplish the desired goals necessary to meet the service mandates.

Ontario Regulation 278/98 Section 7(4) identifies that

"If the actual expenditures of a board for a year are greater or less than the estimated expenditures for that year, the board shall, in preparing the estimates of the amount required to defray its expenditures for the following year,

- a. make due allowance for any surplus that will be available from the preceding year; or
- b. provide for any deficit of the preceding year."

**It is the absolute goal and intent that the Board will levy the absolute minimum required resources from its municipal and TWMO partners through zero-based budget techniques, the provision of efficient and effective services, continuous improvement processes and diligent operating practices. Despite these efforts, the Board will experience a annual capital and/or operating surplus or deficit in every budget year due to unanticipated circumstances (i.e. Operating variability, provincial revenue variability, etc)**

This policy defines the treatment of over/under levies from municipalities and unincorporated areas in the net local costs in a given year resulting from annual operating and capital surpluses and deficits.

**2. PROCEDURE:**

1. **An operating or capital surplus will be allocated** to an operating or capital reserve fund in the current year.
2. **An operating deficit** shall be funded firstly from reserves when able. Capital deficits may be funded from reserves and/or other means (i.e. long term borrowing or other capital funding)
3. An operating or capital deficit not funded from reserves shall be raised in the following year from the municipalities and unincorporated areas.
4. The Board will be notified of the annual allocation of these operating or capital deficits when the allocations are determined prior to the preparation of the annual financial statements.

**IMPLEMENTATION OF PROCESS AND PROCEDURES**

The Chief Administrative Officer shall ensure that appropriate Directives detailing process and procedures are issued and maintained to implement and carry out the intent of this policy.