



BUDGET PRP-FN-008

Effective Date: 2014 /11/21

Policy Statement

It is the policy of the Regional Municipality of Peel Police Services Board that the policy requirements set out in this document shall form part of the Board Policies and the Chief of Police is hereby directed to comply with these requirements in his/her administration and operation of the Peel Regional Police.

1. Subject

A policy establishing financial controls related to Operating Budget, Capital Budget and Reserve Management.

2. Specific Definitions

“Account”

Means classification of expenditure or revenue within a Cost Centre to which an estimated budget value and actual expense or revenue amount is assigned;

“Adequacy of Reserves”

Means the difference between the reserve expenditures financed in the ten year Capital Plan and the forecasted reserve balances;

“Board”

Means The Regional Municipality of Peel Police Services Board;

“Capital Budget”

Means the annual Board and Council approved plan of the Peel Regional Police for expenditures and financing sources to acquire, improve, maintain or construct capital assets or to conduct studies;

“Capital Forecast”

Means the projection of expenditures and financing sources of capital projects for years beyond the Capital Budget approval year;

“Capital Plan”

Means the combined Capital Budget and Capital Forecast;

“Capital Project”

Means an undertaking for which expenditures of a capital nature are made or are to be made including expenditures to acquire, improve, or maintain land, buildings, structures, machinery and equipment, to install computer software and to conduct studies relating to corporate assets;

“Capital Reserve”

Means a Reserve which provides funding for capital projects for state of good repair, growth, service enhancement and other capital needs of the Peel Regional Police;

“Chief Administrative Officer”

Means the Region of Peel employee designated as such by Council and any person who has been authorized to temporarily act as the Chief Administrative Officer during the incumbent’s absence or a vacancy in the office;

“Chief of Police”

Means the Chief of the Peel Regional Police or upon the authorization of the Chief of Police, a Deputy Chief of the Peel Regional Police and any person who has been authorized to temporarily act as the Chief of Police during the incumbent’s absence or a vacancy in the office;

“Command Officer”

Means the Chief of Police and Deputy Chief(s) of the Peel Regional Police and any person who has been authorized to temporarily act in those capacities during the incumbent’s absence or a vacancy in the office;

"Commissioner of Finance & CFO"

Means the Commissioner of Finance & Chief Financial Officer within Corporate Services at the Regional Municipality of Peel and any person who has been authorized to temporarily act as the Commissioner of Finance & CFO during the incumbent's absence or a vacancy in the office;

“Compliance Report”

Means the summary of activities related to adjustments made to Operating Budget, Capital Budget and Reserves provided to the Board by the Deputy Chief, Corporate Services, through the Chief of Police, and to Council by the Commissioner of Finance & CFO;

“Cost Centre”

Means a component of the Divisional financial summary for revenue and expense accounting purposes, and has its own distinct name and number in the accounting system, with applicable coding to identify it as a Current Budget Cost Centre, Capital Budget Cost Centre or Sub Reserve Cost Centre. Cost Centres are currently referred to as DeptIDs in the accounting system;

"Council"

Means the Council of the Regional Municipality of Peel;

“Debt”

Means any obligation for the payment of money;

“Department”

Means a major command area within the Police Regional Police headed by a command officer or the Executive Director of the Board;

“Deputy Chief, Corporate Services”

Means the Deputy Chief overseeing Corporate Services of the Peel Regional Police and any person who has been authorized to temporarily act as the Deputy Chief, Corporate Services during the incumbent’s absence or a vacancy in the office;

“Development Charges”

Means the charge imposed by the Region of Peel pursuant to the *Development Charges Act, 1997* as amended or successor legislation;

“Division”

Means a part of a Department within Police Services, headed by a single Director or Superintendent;

“Director”

Means the head of any Division, and any person who has been authorized to temporarily act as the above during the incumbent’s absence or vacancy in the office;

“Emergency”

Means an unforeseen situation of an urgent nature, presenting an unacceptable risk to the health and safety of persons or to property requiring an immediate expenditure of funds or presenting an opportunity which if not pursued would result in an unacceptable cost (including opportunity cost) or risk to the Peel Regional Police;

"Financial Report"

Means the summary of financial performance activities related to the Operating Budget, Capital Budget and Reserve Management provided to the Board by the Deputy Chief, Corporate Services, through the Chief of Police, and Council by the Commissioner of Finance & CFO;

“Operating Budget”

Means the annual Board and Council approved plan of the Peel Regional Police for expenditures, revenues, staffing levels and service levels for operations of the Peel Regional Police taking place from January 1st to December 31st each year;

“Operating Forecast”

Means the projection of expenditures, revenues, staffing levels and service levels for years beyond the Operating Budget approval year in which the forecast is made;

“Peel Regional Police”

Means the Regional Municipality of Peel Police Service encompassing the City of Brampton and the City of Mississauga;

“Reclassification of a Sub Reserve”

Means the transfer of the unexpended amount of a Sub Reserve from one Sub Reserve Cost Centre to another which does not change the purpose for which the unexpended amount will be spent;

"Redeployment of the Capital Budget"

Means the transfer of an Unexpended Budgeted Amount from one Capital Project Cost Centre to another which has the effect of changing the purpose for which the Unexpended Budgeted Amount will be spent;

"Redeployment of the Operating Budget"

Means the transfer of an Unexpended Budgeted Amount from one Operating Budget Cost Centre to another which has the effect of changing the purpose for which the Unexpended Budgeted Amount will be spent;

"Redistribution of the Capital Budget"

Means the splitting of the financing sources of one Capital Project into financing sources for new smaller Capital Projects having the same purpose;

"Region of Peel"

Means the Regional Municipality of Peel encompassing the City of Brampton, City of Mississauga and the Town of Caledon;

"Regular Position"

Means an authorized complement position under which employees are employed full-time that has been approved by the Board either specifically or through the annual budget;

"Reserve"

Means an accumulation, at the direction of the Board, of appropriations from net revenues. Reserves include Stabilization Reserves, and Capital Reserves;

"Reserve Fund"

Means the accumulation of appropriations from net revenues for purposes which are restricted by law or by the direction of the Board and Council contained in the by-law establishing the Reserve Fund;

"Restructure of the Operating Budget"

Means the transfer of an Account's Unexpended Budgeted Amount from one Cost Centre to another which does not change the purpose for which funds are budgeted or will be spent;

"Status Report"

Means a report summarizing the situation of the reserve(s) as of a stated time or financial period;

"Stabilization Reserve"

Means a Reserve arising from the operation of programs funded from property taxation to minimize annual fluctuations in property tax rates (i.e. Working Funds Reserve);

"Sub Reserve"

Means the result of the splitting of a Reserve into smaller amounts;

“Total Budget”

Means the Total Expenditures (gross expenditures less internal recoveries) as approved by Board and Council through the annual budget process; and,

"Unexpended Budgeted Amount"

Means the amount of approved budget funds in an Account that have not been spent or committed for spending.

3. Policy Requirements

1. General:

- a) This policy is guided by Financial Management Policy PRP-FN-007;
- b) The Operating and Capital Budget submitted to the Board must first be reviewed by the Deputy Chief, Corporate Services, and by the Chief of Police;
- c) Staff under the delegated authority from the Chief of Police are authorized to carry out day-to-day business rules related to the Operating and Capital Budgets and Reserve Management;
- d) Public notice of the intention of Council to adopt or amend the Operating and Capital Budget shall be given in accordance with the provisions of the Region of Peel's Public Notice Policy, or any successor legislation; and,
- e) The Deputy Chief, Corporate Services, through the Chief of Police, shall undertake a review of this policy not less frequently than once every five years and report to the Board the results of such review.

2. Operating Budget:

I. Annual Budget Submission

- a) The Operating Budget shall be submitted annually to the Board and Council for approval;
- b) All Peel Regional Police Departments, and the Board for which the Regional Corporation provides funding, shall annually prepare an operating budget and the Peel Regional Police shall prepare a three year operating forecast; and,
- c) A summary of Regular Positions representing staffing complement shall be submitted annually to the Board and Council for approval.

II. Financial Management

- a) The Operating Budget shall be submitted annually to the Board and Council for approval;
 - i. goods and services shall be expensed in the fiscal year in which they are actually received, in accordance with Canadian Generally Accepted Accounting Principles (GAAP);
 - ii. unanticipated revenues shall not be spent or committed without approval of the Board, unless:
 - a. Approval is granted by the Board via a report outside of the budget process; or

- b. Unanticipated short-term (< 2 years) revenues less than \$250,000 is approved by the Chief of Police and reported to the Board through the next Compliance Report.
- iii. Regular Positions are funded through the annual or capital budget unless approval is granted by the Board and Council outside of the budget process.
- b) Unless otherwise provided in accordance with this policy, a Restructure or a Redeployment of the Operating Budget between Cost Centres shall be approved in accordance with the provisions of Appendix "A" to this policy;
- c) Reports with financial implications submitted to the Board for approval must first be reviewed by the Deputy Chief, Corporate Services, to ensure availability of financing sources and compliance with the Board's policies and then shall be reviewed by the Chief of Police;
- d) The Deputy Chief, Corporate Services, through the Chief of Police, is authorized to approve contributions to or withdrawals from the Working Funds Reserve up to \$250,000 as transitional funding to meet an unanticipated expenditure pressure or a revenue receipt that was not budgeted. All such contributions to or withdrawals from the Working Funds Reserve shall be reported to the Board and to Council in the next Compliance Report following the contribution compliance or withdrawal;
- e) At year-end unexpended unanticipated revenues shall be treated in the same manner as Unexpended Budgeted Amounts and shall become a part of the year-end surplus or shall be applied against the year-end deficit; and,
- f) The Deputy Chief, Corporate Services, through the Chief of Police, is authorized to make contributions to or withdrawals from Sub Reserves established for the purposes of programs funded from property taxation including a Stabilization Sub Reserve to adjust a surplus or deficit in tax supported programs at the end of the current year. Such contributions shall be for the purpose of reducing or eliminating changes in future property tax rates which would otherwise result from an unadjusted surplus or deficit. All such contributions or withdrawals will be guided by the principles as outlined in Appendix D of the policy and shall be reported to the Board and Council in the next Financial report.

3. Capital Budget:

I. Annual Budget Submission

- a) The Capital Budget shall be submitted annually to the Board and Council for approval;
- b) All Peel Regional Police Departments, and the Board for which the Regional Corporation provides funding, shall annually prepare a capital budget and a nine year capital forecast;
- c) Upon approval of the Capital Budget, Capital Projects designated with the status "P" for "pending" shall require separate approval from the Board and Council before funds may be released or project tenders may be issued. Upon approval of the Capital Budget, all Capital Projects not designated in the approved Capital Budget with the status of "P" for "pending" shall be designated with the status "A"

for "approved" for purposes of the release of funds and issuance of project tenders;

- d) Capital Project financing sources shall be authorized by resolution or by by-law. Where external long-term debt financing is prescribed, it shall be obtained in accordance with current provincial legislation; and the Regional Municipality of Peel's Debt Management Policy; and,
- e) Growth related expenditures may be eligible for financing from development charges subject to the provisions of the Development Charges Act, 1997 and the related Development Charges By-law.

II. Financial Management

- a) A Capital Project shall not commence without prior Board and Council approval, unless:
 - i. Approval is granted by the Board and Council via a report outside of the budget process; or
 - ii. The Capital Project is financed, in accordance with a Redistribution or a Redeployment of the Capital Budget in accordance with the provisions of Appendix "B" to this policy; or
 - iii. The Capital Project qualifies to be financed from the Region of Peel Venture Capital Fund in accordance with the Region of Peel Venture Capital Program Policy.
- b) No commitment shall be made to make expenditures upon Capital Projects which exceed the Council approved net budget unless such expenditures are preapproved in accordance with the provisions of Appendix "C" to this policy;
- c) Unanticipated revenues shall not be spent or committed without approval of the Board, unless:
 - i. Approval is granted by the Board via a report outside of the budget process; or,
 - ii. One-time unanticipated revenue is received with net zero cost to the Peel Regional Police, approved by the Chief of Police and reported to the Board in the next Compliance Report.
- d) In the event of an Emergency requiring capital expenditure, the Deputy Chief, Corporate Services, through the Chief of Police, is authorized to create a new Capital Project or add to an existing capital project and to authorize its financing from sources recommended. The Deputy Chief, Corporate Services, through the Chief of Police, shall cause any such Emergency Capital Project funding to be reported to the Board and Council as soon as may be reasonably practical following the identification of the Emergency need for the Capital Project;
- e) Previously Board and Council approved Capital Projects must be resubmitted by the Chief of Police to the Board and Council in the event that the expenditure requirements for the Capital Project will increase substantially. An increase in the expenditure requirements for a Capital Project shall be deemed to be "substantial" where, by reason of a scope change to the service rendered by the capital project or for any other reason an increase in the net Capital Project budget is greater than the lesser of 20% of the previously approved net budget or \$250,000; and,

- f) Reports submitted to the Board and Council for approval which seek authority for the release of funds for the purposes of a Capital Project or which seek authority for the commencement of a Capital Project must first be reviewed by the Deputy Chief, Corporate Services, through the Chief of Police, and the Region of Peel Commissioner of Finance & CFO to ensure availability of financing sources and then shall be reviewed by the Chief of Police and the Region of Peel Chief Administrative Officer (CAO).

4. Reserve Management:

Peel Regional Police's portfolio of Reserves consists of three major categories: Stabilization Reserves; Capital Reserves; and, Reserve Funds.

- a) The Stabilization Reserves are used to provide financial stability to Peel Regional Police's operations. It is used to minimize annual fluctuations in rates by providing funding for one-time costs, phasing in significant financial pressures and addressing program pressures where there is some degree of uncertainty in revenue and expenditure. It is also used to mitigate operating deficits that may arise because of unexpected events, economic uncertainties or unanticipated funding changes. A property tax supported Rate Stabilization Reserve is funded by and utilized for property tax supported programs. Examples include the Working Fund Reserve and the Benefit Stabilization Reserve.
- b) Capital Reserves provides financing sources to fund Capital Projects for state of good repair, growth, service enhancement and other capital needs to support the delivery of Peel Regional Police's services and programs. Examples include the Information Technology Reserve and the Facilities Reserve.
- c) Reserve Fund is the accumulation of appropriations from net revenues for purposes which are restricted by law or by the direction of the Board and Council contained in the by-law establishing the Reserve Fund. Financing sources may include: Development Charges; property tax; or, other financing sources as directed by the Board and Council.
 - i. Development Charges Reserve Funds: includes Reserve Funds that are designated to finance growth-related capital projects as governed by the Development Charges By-law in accordance with the Development Charges Act (1997).
 - ii. Other Reserve Funds: includes Reserve Funds that have been set up for a specified or restricted purpose other than for growth related capital works and are established by the passing of a by-law (ie. the VCOM Reserve).

I. Establishment of a Reserve or Reserve Fund

- a) Prior to the establishment of a reserve or reserve fund, a financial plan will be prepared which identifies need, target funding level (if applicable), contribution sources and projected disbursements (when practicable);
- b) The Board and Council may authorize the creation of a Reserve or a Reserve Fund by means of a policy and by-law, which shall identify the purpose of the Reserve or Reserve Fund; and,
- c) Public notice of the intention of the Board and Council to create a Reserve or Reserve Fund outside of the budget process, thereby creating an amendment to the Operating Budget and Capital Budget, shall be given as prescribed in

accordance with the provisions of the Region of Peel's Public Notice Policy G00-16.

II. Management of Reserves and Reserve Funds:

this section provides guidelines to manage (fund, use and invest) and administer PRP's Stabilization Reserves, Capital Reserves and Reserve Funds.

a) Portfolio Approach to Reserve Management:

A portfolio approach is used to manage all Peel Regional Police Reserves. Under this approach, individual Reserves are pooled together and managed as larger groups of Reserves as within this policy. Pooling Reserves helps to mitigate financial volatility and risk that a specific program reserve might otherwise experience. Financial volatility and risk can be driven by unanticipated expenditures or revenues, changing legislation, an evolving economy and other significant factors. A portfolio approach to reserve management provides Peel Regional Police with additional financial flexibility to address priority needs.

The following groups of Reserves would be managed on a portfolio basis:

- i. Stabilization Reserves – Tax supported
- ii. Capital Reserves – Tax supported

b) Funding

Funding for each of the above Reserve groups is provided through the following sources:

- Reserve contributions to each group of Reserves as approved by the Board and Council through the annual budget process;
- Annual year-end operating surplus allocation;
- Transfers from other PRP Reserves as approved by the Board and Council; and,
- Any other funding sources approved by the Board and Council permitted under the Municipal Act (2001) and other relevant legislation, Regional by-laws and Regional policies.

c) Investment

Unless specified otherwise, all Reserves and Reserves fund will be interest bearing. Applicable funds must be invested in accordance with the approved Region of Peel's Investment Policy in effect.

III. Level of Reserves and Reserve Funds

The adequacy of each of the Reserves and Reserve Funds is determined using a risk based approach. The level of the Reserve or Reserve Fund is considered against what the Reserve or Reserve fund is intended to fund.

Unless otherwise specified within this policy or any other relevant policy, by-law or legislation, the level of the reserve or reserve fund will be set at an amount, percentage or range to achieve the long term sustainability of Peel Regional Police's services and be consistent with the Long Term Financial Planning Strategy.

- a) Reserves
 - i. The balance of the Stabilization Reserve shall be maintained within a range of a minimum of 5% and a maximum of 10% of the Total Budget for programs funded from property taxation.
 - ii. The balance of the Capital Reserves portfolio will be managed with a target to fully fund the forecasted Capital Plan for Police programs.
- b) Reserve Fund will be Limited to Amounts which have been:
 - i. Established in a separate account by the Board and Council for a specific purpose and designated by a by-law; or
 - ii. Required to be set aside for a specific purpose as set out in a federal or provincial statute, provincial regulation, or by agreement or contract.

IV. Reserve and Reserve Fund Administration

During the course of business, Reserve and Reserve Fund activities include:

- Establishing a Sub-Reserve;
- Withdrawals from/contributions to Reserves and Reserve Funds;
- Transfers and Intra-Reserve borrowing; and,
- Allocation of interest revenue.

a) Establishing a Sub-Reserve

- i. The Deputy Chief, Corporate Services, through the Chief of Police, may create a new Sub Reserve, within an authorized Reserve.

b) Withdrawals from/Contributions to Reserves and Reserve Funds

- i. Reports submitted to the Board and Council for approval which seek authority for the contribution or withdrawal of funds to or from Reserves or Reserve Funds must first be reviewed by the Deputy Chief, Corporate Services, and the Region of Peel Commissioner of Finance & CFO to ensure availability of financing sources and compliance with the Board and Regional Corporation financial by-laws and policies and then shall be reviewed by the Chief of Police and the Region of Peel Chief Administrative Officer (CAO); and,
- ii. All contributions to and all withdrawals from Reserves or Reserve Funds shall require advance Board and Council approval either as part of the Operating or Capital Budget approval process or by means of a resolution, save and except that:
 - a. The Deputy Chief, Corporate Services, through the Chief of Police, may authorize the contribution to Reserves of revenues, including the contribution of settlements paid to the Peel Regional Police. A contribution which in the opinion of the Deputy Chief, Corporate Services, through the Chief of Police, is material shall be disclosed to the Board and Council in the next Financial Report following the contribution;

- b. Collected Development Charges shall be contributed to the Development Charges Reserve Funds in accordance with the Development Charges Act, 1997 or any successor legislation; and,
- c. Contributions to or withdrawals from Reserves may be authorized without a requirement of the Board and Council approval in accordance with sections 3.2.II (d)-(f) of this policy.

c) Transfers and Intra-Reserve/Reserve Fund Borrowing

- i. Intra-Reserve Fund borrowing within the Development Charges Reserve Funds, that may be required to avoid external temporary borrowing costs, are permissible, provided that any investment income be retroactively reimbursed to the source Reserve Fund;
- ii. The transfer of funds between Sub Reserves for the purposes of a Reclassification of a Sub Reserve may be authorized by the Deputy Chief, Corporate Services, through the Chief of Police. Such Reclassifications shall be reported to the Board and Council in the next semi- annual Compliance Report; and,
- iii. Board and Council authority is required to transfer Reserve balances between Reserves.

d) Allocation of Interest Revenue

At monthly intervals, associated interest will be allocated by the Region of Peel by applying the quarterly investment rate (as provided by the Regional Treasurer) to individual Reserve/Reserve Fund actual balances.

V. Reporting Requirements

- a) Not less frequently than semi-annually, the Deputy Chief, Corporate Services, through the Chief of Police, shall provide the Board and Council with a Financial Report including a written status report on the Reserves and Reserve Funds.

4. Measurement Methods:

I. Operating Budget

The Board and Council shall be informed of any variance between the approved Operating Budget and actual expenditures, actual revenues, or actual service levels where such variance is deemed to be material by the Deputy Chief, Corporate Services, through the Chief of Police, not less frequently than semi-annually in a Financial Report including a written status report on such variance.

II. Capital Budget

- a) The Board and Council shall be informed of any variance between the approved Capital Budget and actual expenditures or actual revenues where such variance is deemed to be material by the Deputy Chief, Corporate Services, through the Chief of Police, not less frequently than semi-annually in a Financial Report including a written status report on:
 - i. each such variance;
 - ii. Capital Projects in progress; and,

- iii. a summary of capital spending.
- b) The Board and Council shall be provided with a written report annually detailing the activity related to capital project increases resulting from external funding in accordance with the provisions outlined in section 3.II.c)ii. of this policy, if applicable.

III. Reserve Management

Not less frequently than semi-annually, the Deputy Chief, Corporate Services, through the Chief of Police, shall provide to the Board and Council a Financial Report including a written status on all Reserves and Reserve Funds.

5. Reporting

See attached Appendix A thru Appendix D for reporting requirements.

6. Authority/Legislative Reference

PRP-FN-007 Financial Management Policy

Police Services Act, Section 39

Board Minute: #74/14

Replaces: Peel Police Services Board Financial Control By-Law #317

7. Linkage to Appropriate Police Service Procedure/Directive

- Peel Regional Police Financial Instruction 19 – Financial Control

Review Date: 5 years

Appendix A – Managing Operating Budget

Restructure

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
Transfer of unexpended budgeted amount from one cost centre to another with no change to purpose	To the value of the budget in the originating cost centre	Deputy Chief – Corporate Services, through the Chief of Police	Not Required

Redeployment – No Impact on Number of Regular Positions

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
No Impact on budgeted objectives or service levels	Within the Board and Council approved Police Budget	Deputy Chief – Corporate Services, through the Chief of Police	Compliance Report
Impact on budgeted objectives or service levels to the public	Less than or equal to \$250,000	Chief of Police	Compliance Report
Impact on budgeted objectives or service levels to the public	Greater than \$250,000	Board and Council	Report to Board and Council

Redeployment – Impact on Number of Regular Positions

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
Increase on the number of Regular Positions	Any value	Board and Council	Report to Board and Council

Appendix B – Managing Capital Budgets

Redistribution

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
Large project to new smaller project (s) within the same purpose within the same division	To the value of the project	Director of Finance & Planning	Not Required

Merging Projects

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
Merging projects within the same division prior to tender or upon award of a contract, due to proximity, or for similar work	To the value of the project	Director of Finance & Planning	Not Required

Redeployment

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
Between similar or dissimilar capital projects within the same division	To a maximum of \$250,000 but not greater than 20% of the Board and Council approved net budget	Deputy Chief – Corporate Services, through the Chief of Police	Compliance Report
Between similar or dissimilar capital projects within the same division	Greater than \$250,000 or greater than 20% of the Board and Council approved net budget	Board and Council	Report to Board and Council

Reduce Budget

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
Reduce project budget requirements	Up to the value of the project	Deputy Chief – Corporate Services, through the Chief of Police	Compliance Report

Appendix C – Capital Expenditure Commitment Change

Authorization to Commit a Project to Over Budget Expenditure (ACPOBE)

Description	Dollar Range	Financial Approval	Reporting to Board and/or Council Required
Increase the Board and Council approved net budget to accommodate an over budget expenditure	To a maximum of \$250,000 but not greater than 20% of the Board and Council approved net budget	Deputy Chief – Corporate Services, through the Chief of Police	Compliance Report
Increase the Board and Council approved net budget to accommodate an over budget expenditure	Greater than \$250,000 or greater than 20% of the Board and Council approved net budget	Board and Council	Report to Board and Council

Appendix D – Principles of Surplus/Deficit Tax Management

- 1. Board and Council Direction:** Implement previous approved Board and Council direction prior to surplus/deficit allocations
- 2. Tax Management:** Reverse any contingent reserve draws approved through the annual budget that are no longer required
- 3. 10 Year Capital Liability:** Fund liability for state of good repair and mitigate risks on existing infrastructure and assets
- 4. 10 Year Capital Liability:** Provide financing for non-DC growth capital works
- 5. Loans:** Review existing loans for prepayment to optimize future financial flexibility, if applicable