

King council allocates surplus funds

By Angela Gismondi

King Township was able to put money in reserves for future projects thanks to an operating surplus of \$1.6 million.

A 2012 budget and business plan update presented by staff at the Committee of the Whole meeting Monday revealed the 2012 annual operating surplus. Staff was seeking council's approval on the allocation of the surplus at the meeting.

Township council approved the 2012 budget and business plan in January 2012. According to a report submitted by Jeff Schmidt, director of finance and treasurer for the Township of King, the plan included gross operating expenditures and revenues in the amount of \$25.5 million and after accounting for all transactions, the Township was in a surplus position at the end of 2012. The Township's annual operating surplus amounts to \$1,638,574, of which about \$628,000 is attributable to supplementary revenue in which the Township had not anticipated for 2012, reported Schmidt.

The 2012 operating surplus for the Township of King resulted from additional supplementary tax revenue (\$628,439), deferred township sustainability initiatives (\$230,000), OMB hearing and planning studies savings (\$182,638), reduced dust suppressants program (\$116,547), salary and benefit gapping (\$96,406), restitution (\$73,405), additional short term investment income (\$66,102), consulting fees savings (\$55,150), net savings of all other departments combined (\$189,887) for a total 2012 operating surplus of \$1,638,574.

As per the draft Reserve Strategy, staff recommended that \$25,000 of the operating surplus be put in the Tax Rate Stabilization Reserve and \$75,000 to the Infrastructure Reserve. They also recommended \$1 million of the additional funds go to a Land Acquisition Reserve because the township currently doesn't have access to funds in order to acquire land that may be in the municipality's best interest.

Staff also recommended that the savings generated in 2012 for not having to attend OMB hearings (\$182,638) should be allocated to the Planning Matters Reserve and drawn upon in future years when required.

In addition, staff recommended \$355,936 go to the Graham Side Road Bridge Project, slated to begin construction in 2015/16.

Pellegrini suggested that the \$1 million surplus be put into a general reserve instead of a land acquisition reserve. He also had some words of wisdom for members of council.

"I told you so," said Pellegrini. "When it comes to the budget, one of my concerns is that we can't ask for money that we can't spend in that year - it's not fair. I discussed this with each and every one of you. I am ecstatic that we have a surplus, it's a huge surplus. But we have to remember it's taxpayer dollars."

He also commended staff for keeping the money for reserves and not spending it.

"The mentality of our staff was not just to go crazy and spend it," said Pellegrini. "I'm so proud of the staff that they have been fiscally responsible with the taxpayers money. I'm delighted that we're going to put this money in reserves."

Township CAO Susan Plamondon pointed out that "budgets are a plan, not a guarantee."

"It's wonderful to have a surplus," said Plamondon. "It sure beats a deficit. This is an extraordinarily large surplus."

She echoed Pellegrini's comments.

"If you're going to ask for the money, make sure you can undertake the project you have identified," said Plamondon.

Councillor Peter Grandilli said he couldn't understand why he couldn't get the sidewalks installed on King Road in Nobleton if there was so much "extra money."

"I believe this extra money flew in from developments that occurred in Nobleton and King City," said Grandilli.

Pellegrini explained to Grandilli that sidewalks are capital projects and those have to be approved by council before they go ahead. That's why he asked for the money to go into a general reserve, he added.

"That way, come budget time, we can pull out that money for any project," Pellegrini said.

Councillor Debbie Schaefer was curious to know why staff recommended funding for Graham Side Road project.

Schmidt explained that the funds were originally allocated to the Dufferin Street Bridge project, however the Township received funding for that project, which freed up the money for another project. The Graham Side Road bridge needs to be done and the township is going to have to pay for it one way or another.

"When the project comes forward the funding is there and you don't have to go to the taxpayer for that," said Schmidt adding these are just staff recommendations and options on how to fund this particular project and ultimately council will make the decision during the budget process.

A motion was made to approve the staff recommendations and to allocate \$1 million of the operating surplus to a general reserve. Any funds that are drawn from this reserve will require council's approval. The motion carried.