

## The Township of King had a surplus in 2014

**By Angela Gismondi**

King Township has money in the bank.

Under the Municipal Act, the Township is required to prepare consolidated financial statements on an annual basis. BDO Canada Chartered Accountants were appointed by council to audit the financial statements and state their opinion in an independent auditor's report.

"We have worked with BDO in the audit process for the last two years and we are working to improve and become more efficient in our preparation of the audit," said Allan Evelyn, director of finance and treasurer for the Township of King. "We are getting better at that but we still have a lot of work to do."

Council approved the 2014 audited consolidated financial statements for the municipality at the June 22 meeting. Giselle Bodkin, chartered accountant for BDO made a presentation at the meeting. According to the statements, the Township's accumulated surplus as of Dec. 31, 2014 amounts to \$153.5 million. She explained that the accumulated surplus consists of reserve and reserve funds, accumulated operating surpluses/deficits and amounts invested in tangible capital assets (TCAs) net of debt incurred to finance the TCAs. King's accumulated surplus position increased by \$7,975,418 over 2013. Primary factors supporting the growth include investment in tangible capital assets (TCAs) (+9.6 M) and increase in reserves and reserve funds (+5.3M), said Bodkin.

In terms of the tax supported operating results, council approved the 2014 budget and business plan in January 2014 with gross operating expenditures and revenues in the amount of \$28.3M. After accounting for all transactions, the Township is in a surplus position in the amount of \$879,511, Bodkin reported. In accordance with the Township's draft reserve strategy report, Township staff recommended the 2014 operating surplus of \$879,511 be allocated.

Of the first \$100,000, \$25,000 will be going to the tax rate stabilization reserve and \$75,000 will be allocated to the infrastructure reserve. The residual balance of \$779,571 will go to the infrastructure reserve for future consideration and deployment. That was also approved by council June 22.

The operating surplus was calculated by taking favourable variances such as additional supplementary tax revenue, savings on the asphalt, dust and sign programs, tax arrears and payroll savings due to timing of staff hiring and deducting unfavourable variances such as winter maintenance, personnel matters, taxes written off, municipal office repairs and maintenance and the street light program.

"As we set the budget for 2015, we were mindful to understand that as a growing municipality, we need to be somewhat conservative in how we manage that assessment growth so we don't rely on that," said Evelyn, adding the operating surplus cannot be relied upon to recur on an ongoing basis and for that reason, should be used to support one-time unanticipated expenditures or put into reserve funds for future use. "We need to be a fiscally sustainable municipality. It was a good year."

Mayor Steve Pellegrini was happy to hear of the surplus.

"This is the first step to fiscal sustainability, the first step for council to say we're dedicated to maintaining our infrastructure and making sure we have a balanced approach to using surplus dollars in a fiscally sustainable way," said Pellegrini.