



TOWNSHIP OF EDWARDSBURGH CARDINAL ACTION ITEM

Committee: Committee of the Whole – Administration and Operations

Date: May 8, 2023

Department: Finance

Topic: 2022 Year End Township Surplus

Purpose: To provide an update to Committee and Council with respect to the 2022 year-end township surplus.

Background: The 2022 year-end audit has been completed and draft financial statements will be presented to Council on May 29th. The Township has an operating surplus of \$55,778.71. All other year end entries have been completed and posted to the general ledger.

This year staff has three options for the 2022 operating surplus for Committee to consider.

1. Given there was a significant insurance claim in 2023 it is prudent to establish a separate reserve account for deductibles paid as individual departments do not typically budget for deductibles paid out in the event of a loss. This will allow the individual departmental budgets to remain whole in the case of an insurance loss in future years. Staff would require direction from Council to set up this reserve account named “Insurance Reserve” and transfer the operating surplus of \$55,778.71.
2. Staff proposes that the operating surplus of \$55,778.71 be allocated to the Administration reserve account (01-3511) to offset insurance deductible paid in 2023 and to cover the cost of some of the repairs.
3. Allocate the \$55,778.71 based on 2022 reserve draws to replenish funds that have been withdrawn or by direction from Council.

Policy Implications: In prior years, the tax rate bylaw directed any surplus/deficit from Township operations would be transferred to/from reserves for capital expenditures. Council has the option to direct funds to/from reserves to mitigate any future economic fluctuations and unanticipated events and contingent liabilities.

Financial Considerations: The Q1 Reserve report with year-end entries is attached for reference.

Recommendation: That Committee recommends that Council implements option 1 and directs staff to set up the "Insurance Reserve" account in the general ledger and transfer the 2022 operating surplus of \$55,778.71 to the newly created account.



Treasurer



CAO