

# Report

**City of Merritt**  
**Finance & Audit Meeting**  
**May 20, 2020**

**File Number: 1610**

**To:** Scott Hildebrand, Chief Administrative Officer  
**From:** Sheila Thiessen, Director of Finance & IT  
**Date:** May 15, 2020  
**Subject:** Draft Reserve and Surplus Policy

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**RECOMMENDATION:**

**THAT the Finance & Audit Committee provide staff with input and direction on the draft Reserve and Surplus Policy presented prior to the policy being considered by the Policy Committee.**

**Background:**

Reserves and surpluses have been handled on an ad hoc basis in the past. It is staff and Council's intention to formalize the process to provide consistent budgets and generate funding sources for capital projects as the long-term capital plan is developed.

A reserve and surplus policy will give Council and taxpayers certainty on funding for projects and ongoing asset management.

Once the Finance and Audit Committee has provided input the draft will go to the Policy Committee for consideration. Having the policy in place during the 2021 budgeting process will provide clarity for staff and Council.

**Financial / Risk Implications:**

The draft policy provides some recommendations for allocating existing reserves and surpluses that will provide greater sustainability and consistency for the City's financial planning processes in both the short and long term.

**Strategic Plan Reference:**

A Reserve and Surplus Policy is part of the foundation for the Long-Term Financial plan and Asset Management identified in the Strategic Plan.

**Others Consulted:**

In preparation of this draft policy, staff has consulted with other municipalities and GFOA's best practices.

**Attachments:**

Draft Reserve and Surplus Bylaw

**Respectfully submitted,**

**Sheila Thiessen, CPA, CMA  
Director of Finance & IT**