



1. Purpose

- 1.1. To provide uniform guidelines for the annual review and allocation of the City of Lloydminster's year-end operating surplus/deficits that are consistent with the City's Goals & Objectives and 10-Year Capital Budget.

2. Principles

- 2.1. Surplus/deficits should be reviewed in context of the source they are generated from, the circumstances that have given reason to their occurrence, the likelihood of their reoccurrence, their impacts on future budgets, and Council's Goals & Objectives and long-term capital programs.
- 2.2. Surplus/deficits should be reviewed in respect to the City's requirements for cash flow purposes and desired levels of operating revenue surplus and internal capital finance funds.
- 2.3. Surplus/deficits should be reviewed in context of the City's current and future debt loadings and related interest rates.

3. Policy

- 3.1. Surplus/deficits are to be dealt with in conjunction with City Council reviewing/accepting the previous year's Financial Statement.
- 3.2. In general, the following guidelines are to apply:
 - 3.2.1. In respect to the amount of surplus generated through capital interest investments, allocations are to be made on the basis of Council's priorities through transfers to capital reserves for future projects, and a review of any debt currently being incurred.
 - 3.2.2. Operating surpluses shall also be reviewed in context of accumulated receivable accounts, and desirable levels of allowance reserves.
- 3.3. Deficits are to be reviewed in context of current year budget recovery and revenue surplus.

4. Responsibility

- 4.1. The City Manager is responsible for any revisions to this Policy.