



## Memorandum

To: Argyle Council

From: Alain D. Muise, CPA,CA

RE: Request for Transfer - Operating fund surplus to capital reserve

Good evening,

We respectfully request a Council approved motion to transfer a portion of the Operating Fund surplus to the Capital Reserve.

To summarize the Financial Reporting regulations, any surplus in the Operating Fund shall be transferred to the Operating Reserve, or savings Fund, by accounting law. The exception is if Council chooses to transfer to another fund instead. That would result in a reduction of Operating Fund surplus, and a reduction of what gets transferred to that Reserve in the end.

The surplus of the Operating Fund is rather large, and while the causes are many, the two major causes are the significant increase in Deed Transfer Taxes collected (compared to budget) and the doubling of our Fiscal Capacity Grant (formally known as the Equalization grant).

The Council already approved \$150,000 to the Capital Reserve, and this was transferred during the year. We are requesting the following additional excess revenues to be transferred to the Capital Reserve:

Deed transfer tax: Actuals exceeding Budget = \$218,730 – propose a transfer of \$200,000 to the Capital Reserve.

Fiscal Capacity: Actuals exceeding Budget = \$154,923 – propose a transfer of \$100,000 to the Capital Reserve.

Total additional transfer to the Capital Reserve therefore is \$300,000, and we would ask for a motion as such,

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October 25, 2021

With the transfer, we expect a net income of between \$84,000 and \$104,000, all of which would be transferred to the operating reserve.

**Proposed Motion:**

**That an additional \$300,000 be transferred from the Operating Fund to the Capital Reserve for the year ended March 31, 2022.**

Alain D. Muise, CPA, CA

Chief Administrative Officer