

Title: RESERVE FUNDS POLICY

Resolution: 266-2016 (October 24, 2016)

Revised:

Special Notes/Cross Reference:

Next Review Date:

Budget 2017

POLICY STATEMENT : To ensure the efficient use of funds directed by Council to be used for the purpose of future funding of projects, ensure services levels are maintained and not immediately impacted by any unforeseen circumstances.

Operating reserves are established to fund extraordinary projects, minimize revenue fluctuations and stabilize property tax rate increases. Capital reserves are established to apportion costs of tangible capital assets over their useful lives and to assist in long range financial planning.

PURPOSE : To define and delineate how reserves are created, closed, administered and reviewed.

GUIDELINES/PROCEDURES/RESPONSIBILITIES:

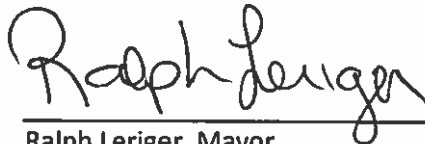
Approval

1. Approval for the establishment and transfers to and from reserves shall be through the annual Council budget approval process or through resolution or bylaw.
2. All reserves shall be identified as follows:
 - a. Name
 - b. Type (Operating or Capital)
 - c. Purpose
 - d. Source of funding
 - e. Maximum balance
 - f. Interest bearing
 - g. Duration

Administering Reserves

1. Administration of reserves shall be the responsibility of the Chief Administrative Officer or designate
2. Administration shall manage a reserve in accordance with the reserve's purpose and any or all conditions and/or restrictions placed upon the reserve by Council. Reserves administration activities shall be undertaken throughout the year in accordance with the applicable administration policies.
3. Revenue sources for reserves and expenditures from reserves are to be budgeted for in departmental budget programs.
4. Transfers to and from reserves shall be restricted as follows:
 - a. Amounts established through annual budget process

- b. Allocations from annual operating surpluses or accumulated unrestricted surplus funds as approved by Council
 - c. Cash receipts such as tangible capital asset sales, land sales, fees collected through the land development process or other receipts approved by Council
 - d. Interest income earned on reserves as directed through legislation or policy
 - e. Special consideration as approved by resolution or bylaw
 - f. Funds carried over to a subsequent year to fund specific programs and projects not completed prior to the current year end.
5. Reserve reporting to Council shall be as follows:
- a. Annual budget review identifying proposed transfers in and out of reserves
 - b. Annual Financial Statement as a note disclosing a list of accounts and balances at the end of the applicable year



Ralph Leriger, Mayor

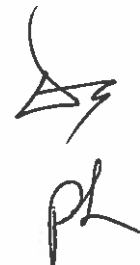


Chief Administrative Officer Dean Krause

Schedule 1

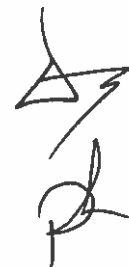
Reserve Identification and Terms of Reference

Type:	Capital
Name:	Airport Reserve
Purpose:	To provide funds for the expansion, refurbishment or scheduled replacement of Airport infrastructure, equipment or fund studies required for future planning purposes.
Source of Funding:	<ol style="list-style-type: none">1. Sale of Airport subdivision lands2. Operating budget transfers3. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Capital
Name:	Building Facility Reserve
Purpose:	To provide funds for refurbishment, major maintenance and replacement of existing facility and facility systems other than for recreation purposes
Source of Funding:	<ol style="list-style-type: none">1. Operating budget transfers2. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Operating and Capital
Name:	Cemetery Reserve
Purpose:	To provide funds for cemetery perpetual care used for: <ol style="list-style-type: none">1. The upkeep of the cemetery once it has been closed to future interments2. Planned capital improvements3. Capital maintenance of cemeteries in use or closed
Maximum:	n/a
Source of Funding:	<ol style="list-style-type: none">1. 50% Sale of cemetery plots2. Operating budget transfers3. Any other source approved by Council
Interest Bearing:	Yes
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Operating and Capital
Name:	Emergency Equipment Reserve
Purpose:	To provide funds for the scheduled replacement or major maintenance of the existing emergency vehicles, mobile equipment, office equipment, emergency equipment, computers, software systems and small tools.
Source of Funding:	<ol style="list-style-type: none">1. Operating budget transfers2. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



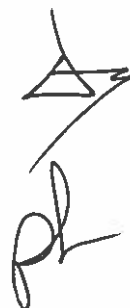
Reserve Identification and Terms of Reference

Type:	Operating
Name:	General Operating Reserve
Purpose:	<p>To provide funds to stabilize tax rates for non-recurring, emergent, one-time expenditures. Funds from this reserve will be used for stabilizing budgetary impacts resulting from one time or unanticipated events, e.g. abnormal snow removal, by-elections, etc. or other items that are large one-time expenditures that are unplanned.</p> <p>To provide funds for specific operating programs and projects not completed by year end that will be completed in the following year.</p> <p>To build and provide funding for future planned non-annual programs such as planning studies, building functional assessments, special projects, studies etc. or other items that are large one-time expenditures that are planned.</p>
Source of Funding:	<ol style="list-style-type: none"> 1. Operating budget transfers 2. Unspent portion of annual operating budget (other than Provincial and Federal Grants) pertaining to the specific program or project being carried forward as approved by Council 3. Any other source approved by Council
Maximum Balance:	50% of Annual Operating Budget
Interest Bearing:	No
Duration:	Ongoing, one-time projects that have not been completed within one year after transfer are subject to cancellation upon recommendation of the CAO to Council



Reserve Identification and Terms of Reference

Type:	Operating and Capital
Name:	Environmental Surcharge Reserve
Purpose:	As per Bylaw 2015-12, to provide funds to be utilized for future environmental initiatives
Source of Funding:	1. Environmental Fund Surcharge issued on monthly utility billings
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing

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Reserve Identification and Terms of Reference

Type:	Capital
Name:	Infrastructure Surcharge Reserve
Purpose:	<p>To provide funds for the expansion, refurbishment or replacement of the utility infrastructure, equipment or studies required for future planning purposes.</p> <p>To provide funding for repairs to surface infrastructure that was disrupted during such activities for the utilities such as roads, sidewalks, alleyways, etc. that are not defined as part of the utility infrastructure</p>
Source of Funding:	1. Infrastructure Surcharge issued on monthly utility billings
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Operating and Capital
Name:	Land Development Reserve
Purpose:	To provide funds for the purchase of and or development of land, including, but not limited to, residential or non-residential subdivision development and infrastructure construction associated to subdivision development
Source of Funding:	<ol style="list-style-type: none">1. Net land sales during the year2. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing




Reserve Identification and Terms of Reference

Type:	Capital
Name:	Machinery and Fleet Replacement Reserve
Purpose:	To provide funds for the scheduled replacement or refurbishment of existing Public Works vehicles, mobile equipment and heavy equipment
Source of Funding:	<ol style="list-style-type: none">1. Operating budget transfers2. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Capital
Name:	Municipal Parkland Reserve
Purpose:	To account for funds received from developers that may only be used for a public park or recreation area.
Source of Funding:	1. Funds received from Developers collected the purposes of cash collected in lieu of municipal public parks or public recreation areas per the Municipal Government Act.
Maximum Balance:	n/a
Interest Bearing:	Yes
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Capital
Name:	Recreation Reserve
Purpose:	To provide funds for the scheduled purchase, replacement or refurbishment of Recreation buildings, equipment, and land improvements.
Source of Funding:	<ol style="list-style-type: none">1. Operating budget transfers2. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Capital
Name:	Storm Sewer Reserve
Purpose:	To provide funds for the construction of new, scheduled replacement or refurbishment of existing storm sewer infrastructure
Source of Funding:	<ol style="list-style-type: none">1. Operating budget transfers2. Any other source approved by Council3. Storm Sewer Levy net of operating expenses
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Capital
Name:	Street Construction Reserve
Purpose:	To provide funds for the construction of new, scheduled replacement or refurbishment of existing roadway, sidewalk and laneway infrastructure
Source of Funding:	<ol style="list-style-type: none">1. Operating budget transfers2. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing



Reserve Identification and Terms of Reference

Type:	Capital and Operating
Name:	Water/Sewer Reserve
Purpose:	<p>To provide funds for the construction of new, scheduled replacement or refurbishment of existing water and sewer infrastructure, equipment, and studies required for future planning.</p> <p>To provide funding for operational deficits in years that they occur.</p> <p>To provide funds to stabilize utility rates for non-recurring, emergent, one-time expenditures. Funds from this reserve will be used for stabilizing budgetary impacts resulting from one time or unanticipated events, such as major line breaks, excessive number of water/sewer line breaks i.e. more than anticipated, or any other unplanned for, emergent expenditure.</p>
Source of Funding:	<ol style="list-style-type: none">1. Utility operating budget transfers2. Water and sewer utility annual surpluses3. Any other source approved by Council
Maximum Balance:	n/a
Interest Bearing:	No
Duration:	Ongoing

