

Reserve Policy



Section	Date	By-law Number	Page	Of
Administration & Finance	June 24, 2014	93-2014	1	2
Subsection	Repeals By-law Number		Policy Number	
Financial Instruments			AF-4-4	

Purpose

The goal of the City reserve policy shall be to establish consistent principles, standards and guidelines for the management and accounting for reserves and reserve funds.

Guiding Principles

The City shall adhere to the following guiding principles in the consideration, approval, issuance and administration of any City reserve or reserve fund:

- a) Adhere to statutory requirements;
- b) Promotion of financial stability and flexibility;
- c) Provision for major capital expenditures; and
- d) Smoothing of expenditures which would otherwise cause fluctuation in the operating budget.

Reserve funds are segregated and restricted to meet a specified purpose. These funds are accounted for separately and are maintained in a separate investment or bank account.

Reserves, while earmarked for a specific purpose, can be established, used or changed by council on the recommendation of the CAO or the Corporate Services Manager.

The Water & Sewer Reserves and the Solid Waste Reserves are funded solely by applicable user fees. These reserves shall not be used for any purpose other than the programs that they support. For clarification, the net income from these operations will be transferred to (or from, in the case of a deficit) the applicable reserve only.

Transactions to and from Reserves

Council can authorize transactions to and from reserves and reserve funds during the budget process or by subsequent budget amendment.

The Corporate Services Manager may authorize the amalgamation of any reserves provided that they remain within the original intent of the reserves.

Reserve Policy

Policy Number	Page	of
AF-4-4	2	2

The Treasurer will perform the authorized transfers to and from reserves during the year end process.

Should an amount less than the amount budgeted be required to transfer from the reserve, the Treasurer will transfer the lower amount.

Should a capital project funded by net tax levy cost less than the budgeted amount, the Treasurer may transfer the remaining funds to the appropriate reserve provided the transfer does not result in a deficit position.

Should the Winter Control department have less expenditure than budgeted at year end, the surplus will be transferred by the Treasurer into the Winter Control Reserve, provided that the transfer does not result in a deficit position. Should the Winter Control department have more expenditures than budgeted and should there be reserve money available in the Winter Control Reserve and should the municipal operations be in a deficit position, available funds will be transferred by the Treasurer from the Winter Control Reserve in order to eliminate, or reduce, that deficit to the extent possible.

Should funds arise from the corporation's overall actual results when compared to budget, the Treasurer shall transfer the surplus into the contingency reserve. In general, precedence shall be to transfer project surpluses to the related reserves, followed by reserve adjustments related to winter control if needed before transferring a general surplus to the contingency reserve.

All references made herein to actual operating results and / or deficit positions relate to the results from municipal operations for the year, excluding the water and sewer and solid waste utilities activity, and prior to the impact of amortization expense resulting from municipal tangible capital assets.

Annual Review/Reporting

Council, in conjunction with the Corporate Services Manager, shall review the City's reserve and reserve fund balances in conjunction with the annual budget process.