

Function: Corporate Services - 03
Department: Finance – 050
Policy - 008



Reserve Policy

Policy Number: 03-050-008
Effective Date: November 14, 2024
Review Date: November 30, 2027
References:
Resolution #: 595-18, 452-2024

CAO Signature: _____

A handwritten signature in blue ink, appearing to read "D. K. ...", is written over a horizontal line.

Purpose: A strong reserve policy ensures good financial and cash management for the overall financial stability of the Municipality. Maintaining sufficient balances in reserves and reserve funds is a critical component of a municipality's long-term financial plan as it strengthens its long-term financial sustainability, helps to minimize fluctuations in the tax rate and provides funding for sustainable infrastructure.

Definitions:

- 1) "County" means the municipal corporation of Lac Ste. Anne County in the Province of Alberta.
- 2) "Internally Restricted" means reserves that have been established for internal County purposes and allowable uses are determined by the County.
- 3) "Restricted for Specific Purposes" means reserves that can only be used for specific purposes by either the means the funds were collected or legislation.
- 4) "Externally Restricted" means reserves where uses are determined by authorities, boards, and committees, fall under legislative requirements, or are restricted by an agreement with an outside third party.
- 5) "Committed Projects" means approved special projects or purchases in the operating or capital budgets that were not completed within the fiscal year

that they were approved and need to be transferred to the new budget year to complete.

Guidelines:

- 1) Council establishes the following reserve classes:
 - a) Corporate Reserves
 - b) Community Reserves
 - c) Infrastructure Reserves
 - d) Utility Reserves

- 2) Council must:
 - a) Approve the establishment or elimination of reserves.
 - b) Approve transfers to and from reserves through Council resolutions except for transfers to and from the carry forward reserve and interest transfers which shall be managed by administration.

- 3) Administration must:
 - a) Administrate all reserves in accordance with policy and manage the carry forward reserve transfers and interest transfers on interest bearing reserves at each year end.
 - b) Provide reporting to Council on reserves annually.
 - c) Review reserves from time to time and recommend establishment of elimination of reserves and necessary changes to reserve schedules for Council approval.

- 4) Reserve Management
 - a) Establishment and/or elimination of reserves must be approved by Council through resolution or bylaw.

 - b) Transfers to and from Reserves must be approved by
 - (1) Council in a Council resolution, or
 - (2) Council in the approval of the annual budget, or
 - (3) The County Manager, or designate, in the case of the carry forward reserve.
 - (4) The Financial Officer, or designate, in relations to interest bearing transfers as dictated by the reserve schedule.

 - c) A reserve schedule will be created and approved for each reserve in schedule A of the policy outlining the following characteristics of each reserve:
 - (1) Reserve Name;

- (2) Reserve Type;
- (3) Purpose;
- (4) Application;
- (5) Funding Source;
- (6) Interest Bearing; and
- (7) Other

- d) Reserves are assumed to be ongoing unless otherwise stated in the specified schedule.
- e) Interest Bearing
 - i) Reserves will be determined to be interest bearing if there are external requirements based on legislation or agreements, or if the reserve is intended to maintain future capital purchasing power.
- f) Internal Borrowing
 - i) When sufficient funds are available, with Council approval, the County may internally borrow from its internally restricted reserves to provide for the financing or operating and capital projects.
- g) Reporting
 - i) All reserve balances must be presented in the County's annual financial statement and budget documents.

SCHEDULE: The following reserve classes and reserve funds are hereby established as described in this policy.

Corporate Reserves

Administration General Fund
Administration Building Fund
Tax Rate Stabilization Fund
Legal Fund
Election Fund
Extreme Events Fund
Committed Projects Fund
Cemetery Infrastructure Fund

Community Reserves

Community General Fund
Community Enhancement Fund
Mayerthorpe Emergency Response Centre Fund
Recreation Fund
Campground Fund
West End Bus Committee Fund
Public Land Reserve Fund

Infrastructure Reserves

Infrastructure General Fund
Building Fund
Equipment/Fleet Fund
Road Use Agreement Fund
Asset Revitalization Fund
Enforcement Replacement Fund

Utility Reserves

Wastewater Fund
Lagoon Fund
Hamlet Sewer Fund
Sangudo Water/Sewer Fund
Solid Waste Fund
Sangudo Solid Waste Fund

CORPORATE RESERVES

RESERVE NAME: ADMINISTRATIVE GENERAL FUND

RESERVE TYPE: Internally Restricted

PURPOSE: The priority of these funds will be to offset costs for purchases related to corporate projects. The second priority will be for any other purpose designated by Council.

APPLICATION:

FUNDING SOURCE: Operating budget decisions

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: ADMINISTRATION BUILDING FUND

RESERVE TYPE: Internally Restricted

PURPOSE: These funds will be to assist with any costs related for the purpose of constructing an administration building.

APPLICATION:

FUNDING SOURCE: Legal settlement from the New Administration Office Construction and interest earned on settlement funds.

Operating Budget Dedications

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: \$20,000,000

RESERVE NAME: TAX RATE STABLIZATION FUND

RESERVE TYPE: Internally Restricted

PURPOSE: These funds will be to assist with the stabilizing of the municipal tax rate due to unforeseen costs such as prior year deficits within the operating budget.

APPLICATION:

FUNDING SOURCE: Operating budget dedications

Year-end Surplus

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: \$1,000,000

CORPORATE RESERVES

RESERVE NAME: **LEGAL FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: The priority of these funds will be to offset the cost of legal proceedings as required from time to time. And the second priority will be for any other purpose designated by Council.

APPLICATION:

FUNDING SOURCE: Any unused portion of legal costs from the operating budget will be contributed here at the close of the fiscal period. Additionally, 90% of each aggregate extraction application will also be contributed to this fund.

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: \$1,000,000

RESERVE NAME: **ELECTION FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: To assist with offsetting the costs of the municipal general election every four years

APPLICATION: To offset costs of the municipal general election.

FUNDING SOURCE: This fund will receive an annual contribution from the operating budget equal to one quarter of the election costs of the average municipal election for the County.

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: \$50,000

RESERVE NAME: **EXTREME EVENTS FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: To provide funding for unforeseen extreme events occurring within the County.

APPLICATION:

FUNDING SOURCE: Operating Budget Transfers

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: \$250,000

CORPORATE RESERVES

RESERVE NAME: **COMMITTED PROJECTS FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: To preserve unspent budgets for special projects or purchases within the operating or capital budgets from on fiscal year to the next year.

APPLICATION:

FUNDING SOURCE: Year-end Budget transfer to reserve

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: **CEMETERY INFRASTRUCTURE FUND**

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: The priority of these funds will be the ongoing maintenance and improvements of cemeteries. Should a cemetery organization dissolve and the County take over the stewardship, the funds received for this cemetery would be dedicated to that cemetery only.

APPLICATION:

FUNDING SOURCE: Funds received for perpetual care and plot sales.

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: Unlimited

COMMUNITY RESERVES

RESERVE NAME: **COMMUNITY GENERAL FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: To dedicate resources for operational projects within the Community Engagement departments and for any other purpose designated by Council.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: **COMMUNITY ENHANCEMENT FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: The priority of these funds will be any form of community enhancement identified by Council. Council endeavors to invest Community Aggregate Levy (CAP) funding for the betterment of the community.

APPLICATION:

FUNDING SOURCE: Any funds collected as CAP levy from sand and gravel operators within Lac Ste. Anne County as per the Community Aggregate Bylaw.

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: **MAYERTHORPE EMERGENCY RESPONSE CENTRE FUND**

RESERVE TYPE: Externally Restricted

PURPOSE: The priority of these funds will be the ongoing sustainability of the Mayerthorpe Emergency Response Centre. These funds are jointly owned by the municipal partners and a motion from each Council is required to use or disburse these funds

APPLICATION:

FUNDING SOURCE: Operating budget dedications
Committee recommendations
Year-end Function Surplus

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: Unlimited

COMMUNITY RESERVES

RESERVE NAME: RECREATION FUND

RESERVE TYPE: Internally Restricted

PURPOSE: The priority of these funds will be the support of recreational programming, facilities, boat launches and public parks.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: CAMPGROUND FUND

RESERVE TYPE: Internally Restricted

PURPOSE: To dedicate resources for the ongoing maintenance, development, and expansion of County campgrounds.

APPLICATION:

FUNDING SOURCE: Operating budget dedications
Year-end Campground Surplus

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: WEST END BUS COMMITTEE FUND

RESERVE TYPE: Externally Restricted

PURPOSE: The first priority of these funds will be the ongoing sustainability of the West End Bus program. These funds are jointly owned by the municipal partners and a motion from each Council is required to use or disburse these funds.

APPLICATION:

FUNDING SOURCE: Year-end West End Bus Surplus
Operating Budget transfers

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: \$150,000 Contribution / Plus Interest Earned

COMMUNITY RESERVES

RESERVE NAME: PUBLIC LAND RESERVE FUND

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: To set aside proceeds from the sale or lease of municipal and/or school reserve lands or cash received in lieu of dedication of municipal or school reserve lands as dictated by Section 670 of the *"Municipal Government Act"*.

Funds may be used for any or of the following purposes:

- a) A public park.
- b) A public recreation area.
- c) School authority purposes.
- d) To separate areas of land that are used for different purposes as required by Section 671 of the *"Municipal Government Act"*

APPLICATION: Utilization of this fund requires a Council Motion.

FUNDING SOURCE: Sale and Lease revenue of Municipal Reserve Land
Monies paid by Developers in lieu of municipal reserve and interest
Earned on Account.

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: Unlimited

INFRASTRUCTURE RESERVES

RESERVE NAME: **INFRASTRUCTURE GENERAL FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: The priority will be to ensure the ongoing maintenance and replacement of public works assets.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers
One time funding

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: **BUILDING FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: The priority of these funds will be to ensure the ongoing financial sustainability of municipal buildings and structures. The second priority will be the purchase of additional new replaceable municipal buildings and structures. And the third priority will be for any other purpose designated by Council

APPLICATION:

FUNDING SOURCE: Operating Budget transfers
One time funding

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: **EQUIPMENT/FLEET FUND**

RESERVE TYPE: Internally Restricted

PURPOSE: The priority of these funds will be to ensure the ongoing financial sustainability of fleet equipment. The second priority will be the purchase of additional new replaceable fleet equipment. And the third priority will be for any other purpose designated by Council.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers
One time funding

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: Unlimited

INFRASTRUCTURE RESERVES

RESERVE NAME: ROAD USE AGREEMENTS FUND

RESERVE TYPE: Internally Restricted

PURPOSE: The priority of this fund is to provide funding for any additional maintenance or capital rehabilitation on haul roads within the municipality.

APPLICATION:

FUNDING SOURCE: Agreements are made with aggregate companies who haul materials on County roads and pay compensation to the County for additional maintenance and provisions for capital road loss.

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: ASSET REVITALIZATION FUND

RESERVE TYPE: Internally Restricted

PURPOSE: To dedicate resources for the purchase of new, replacement or major repairs/rehabilitation of municipal assets as designated by Council.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers
One time funding

INTEREST BEARING: Yes

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: ENFORCEMENT REPLACEMENT FUND

RESERVE TYPE: Internally Restricted

PURPOSE: To dedicate resources for the purchase of new, replacement or major repairs of enforcement vehicles and equipment.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers
One time funding

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

UTILITY RESERVES

RESERVE NAME: **WASTEWATER FUND**

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: To dedicate resources for the purchase, replacement and maintenance of necessary lagoon and wastewater assets.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers and Special Wastewater Tax

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: **LAGOON FUND**

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: To dedicate resources for the purchase of necessary lagoon assets and the ongoing maintenance and replacement of existing systems.

APPLICATION:

FUNDING SOURCE: Operating Budget transfers

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: **HAMLET SEWER FUND**

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: To dedicate resources for the purchase of necessary sanitary sewer assets and the ongoing maintenance and replacement of existing sanitary sewer assets within Greencourt, Darwell, Cherhill, Glenevis and Rochfort Bridge.

APPLICATION: All sanitary sewer infrastructure and equipment.

FUNDING SOURCE: Operating Budget transfers

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

UTILITY RESERVES

RESERVE NAME: SANGUDO WATER AND SEWER FUND

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: To dedicate resources for the purchase of necessary sanitary sewer or water assets and the ongoing maintenance and replacement of existing sanitary sewer assets within the Hamlet of Sangudo.

APPLICATION: All sanitary sewer or water infrastructure and equipment.

FUNDING SOURCE: Operating Budget transfers

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: SOLID WASTE FUND

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: To dedicate resources for the purchase of necessary solid waste management assets and the ongoing maintenance and replacement of existing solid waste management assets.

APPLICATION: Solid Waste management infrastructure, equipment, and vehicles.

FUNDING SOURCE: Operating Budget transfers

Sale of Assets

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited

RESERVE NAME: SANGUDO SOLID WASTE FUND

RESERVE TYPE: Restricted for Specific Purposes

PURPOSE: To dedicate resources for the purchase of necessary solid waste management assets and the ongoing maintenance and replacement of existing solid waste management assets within the Hamlet of Sangudo.

APPLICATION: Solid Waste management infrastructure, equipment, and vehicles.

FUNDING SOURCE: Operating Budget transfers

Sale of Assets

INTEREST BEARING: No

DURATION: Ongoing

FUNDING CAP: Unlimited