


Reserve Policy

Effective Date: September 25, 2018
Review Date: September 25, 2019
Resolution #: 595-18

CAO Signature: 

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.

GUIDELINES:

Council establishes the following reserves:

- a. Administrative Reserve
- b. Community Reserve
- c. Infrastructure Reserve
- d. Grants & Donations Reserve

Each reserve will have internal funds, maintained to track the Council’s commitments and other dedicated funds.

Reserve reporting will be submitted to Council quarterly and at the initiation of the annual budget process outlining the available and committed funds from each reserve. Administration will reconcile and audit the Reserves monthly.

All reserve transactions, including opening or closing of a fund, transfer or allocation funding to a reserve or fund and changes to the description of a fund, require Council approval by:

- e. Resolution
- f. Policy
- g. Budget

All funds must be fully described by providing a minimum of the contribution amount and frequency, the source of the contribution, the maximum to which the commitment may grow and the project or initiative for which the committed funds will be used, in the motion establishing a fund.

As part of the Annual Budget process Council will review each fund to confirm that the fund is required, meeting the description established by Council and any changes that may need to be made to the description. Any fund closed in this process must have a motion directing the flow of any remaining funds.

Where funding has come from an external source (ie. Grants and Donations Reserve) or from a utility, interest will be allocated to the individual fund.

Reserve transactions will be processed as the cost they are to fund is occurs

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

Administrative Reserve

Administrative General Fund

Legal Fund

Elections Fund

Cemetery Perpetual Care Fund

Community Reserve

Community General Fund

Community Enhancement Fund

Mayerthorpe Emergency Response Centre Fund

Recreation Fund

WEB Committee Fund

Infrastructure Reserve

Infrastructure General Fund

Buildings Replacement Fund

Fleet Replacement Fund

Wastewater Lagoon Fund

Road Agreements Fund

Cherhill Sewer Fund

Sangudo Sewer Fund

Darwell Sewer Fund

Glenevis Sewer Fund

Greencourt Sewer Fund

Rochfort Sewer Fund

Solid Waste Fund

Sangudo Solid Waste Fund

Sangudo Water Fund

Grants & Donations Reserve

Individual Grant Funds

Administrative Reserve

Administrative General Fund

- Purpose:** The first priority of these funds will be to ensure the full funding of all other funds within the reserve. The second priority will be the stabilization of the tax reserve. And the third priority will be for any other purpose designated by Council.
- Source:** Any surplus recognized at the end of fiscal period will be allocated to the three general funds with 10% to the Administrative General Fund, 20% to the Community General Fund and the balance of 70% to the Infrastructure General Fund.
- Fund Cap:** This fund will be capped at 10% of municipal general taxation.
- Duration:** Ongoing
- Interest Bearing:** No

Administrative Reserve

Legal Fund

- Purpose:** The first 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.
- 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.
- Fund Cap:** This fund will be capped at \$1,000,000. However, any aggregate extraction application must remain in this account for three years following the approval of the operation prior to being allocated back to the Administrative General Fund.
- Duration:** Ongoing
- Interest Bearing:** No

Administrative Reserve
Elections Fund

- Purpose: The first priority of these funds will be to offset the costs of the municipal general election every four years. And the second priority will be for any other purpose designated by Council.
- Source: This fund will receive an annual contribution from the operating budget equal to one quarter of the elections costs of the average municipal election for the County.
- Fund Cap: This fund will be capped at \$50,000.
- Duration: Ongoing
- Interest Bearing: No

Administrative Reserve Cemetery Perpetual Care Fund

- Purpose:** The first priority of these funds will be the ongoing and perpetual care of closed cemeteries for which the funds were collected. The Cemeteries Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This fund will receive perpetual care amounts from the sale of plots within cemeteries operated by the County, the balance of perpetual care funds of cemeteries turned over to the County and private contributions for the maintenance of cemeteries not operated by the County.
- Fund Cap:** This fund will not have cap.
- Duration:** Ongoing
- Interest Bearing:** No

Community Reserve
Community General Fund

- Purpose:** The first priority of these funds will be to ensure the full funding of all other funds within the reserve. The second priority will be the provisions of recreation and social services and facilities for County residents. And the third priority will be for any other purpose designated by Council.
- Source:** Any surplus recognized at the end of fiscal period will be allocated to the three general funds with 10% to the Administrative General Fund, 20% to the Community General Fund and the balance of 70% to the Infrastructure General Fund.
- Fund Cap:** This fund will be capped at 20% of municipal general taxation.
- Duration:** Ongoing
- Interest Bearing:** No

Community Reserve
Community Enhancement Fund

- Purpose:** The first priority of these funds will be any form of community enhancement identified by Council. Council endeavours to invest CAP funding in the area for which it was collected, in partnership with our Municipal Partners and for the betterment of the community as a whole.
- Source:** Any funds collected as Community Aggregate Payment (CAP) levy from sand and gravel operators within Lac Ste. Anne County.
- Fund Cap:** This fund will not have cap.
- Duration:** Ongoing
- Interest Bearing:** No

Community Reserve

Mayerthorpe Emergency Response Centre Fund

- Purpose:** The first 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.
- Source:** Any surplus recognized at the end of fiscal period for the Mayerthorpe Emergency Response Centre will be allocated to this account.
- Fund Cap:** This fund will not have cap.
- Duration:** Ongoing
- Interest Bearing:** No

Community Reserve
Recreation Fund

- Purpose:** The first priority of these funds will be the support of community recreational programming and facilities. The Municipal Government Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** These funds are collected with a MGA Section 382, Special Tax levied annually.
- Fund Cap:** This fund will be capped at 115% of Special Tax levied.
- Duration:** Ongoing
- Interest Bearing:** No

Community Reserve
WEB Committee Fund

- Purpose: The first priority of these funds will be the ongoing sustainability of the WEB program. These funds are jointly owned by the municipal partners and a motion from each Council is required to use or disburse these funds.
- Source: Any surplus recognized at the end of fiscal period for the West End Bus will be allocated to this account.
- Fund Cap: This fund will not have cap.
- Duration: Ongoing
- Interest Bearing: No

Infrastructure Reserve
Infrastructure General Fund

- Purpose:** The first priority of these funds will be to ensure the full funding of all other funds within the reserve. The second priority will be the provisions of construction of capital infrastructure. And the third priority will be for any other purpose designated by Council.
- Source:** Any surplus recognized at the end of fiscal period will be allocated to the three general funds with 10% to the Administrative General Fund, 20% to the Community General Fund and the balance of 70% to the Infrastructure General Fund.
- Fund Cap:** This fund will be capped at 70% of municipal general taxation.
- Duration:** Ongoing
- Interest Bearing:** No

Infrastructure Reserve Buildings Replacement Fund

- Purpose:** The first 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.
- Source:** The annual budgeted contribution to the fund and any net proceeds from the disposal of municipal buildings and structures.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned as Replaceable municipal buildings and structures.
- Duration:** Ongoing
- Interest Bearing:** No

Infrastructure Reserve Fleet Replacement Fund

- Purpose:** The first 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.
- Source:** The annual budgeted contribution to the fund and any net proceeds from the disposal of fleet equipment.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned as Replaceable Equipment in the Fleet.
- Duration:** Ongoing
- Interest Bearing:** No

Infrastructure Reserve
Wastewater Lagoon Fund

- Purpose: The first priority of these funds will be the long term capital sustainability of wastewater lagoons in Lac Ste. Anne County. The Municipal Government Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source: These funds are collected with a MGA Section 382, Special Tax levied annually.
- Fund Cap: This fund will not have cap.
- Duration: Ongoing
- Interest Bearing: No

Infrastructure Reserve Road Agreements Fund

- Purpose:** The first priority of these funds will be the Repair of road damaged by a party to a road agreement. These funds should be returned, net the cost of any road damage at the conclusion of the road agreement.
- Source:** These funds are collected as cash deposits against road damage with a signed agreement.
- Fund Cap:** This fund will not have cap.
- Duration:** Ongoing
- Interest Bearing:** No

Infrastructure Reserve Cherhill Sewer Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Infrastructure Reserve Sangudo Sewer Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Infrastructure Reserve
Darwell Sewer Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Infrastructure Reserve Glenevis Sewer Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Infrastructure Reserve Greencourt Sewer Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Infrastructure Reserve
Rochfort Sewer Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Infrastructure Reserve
Solid Waste Utility Fund

- Purpose: The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source: This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap: This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration: Ongoing
- Interest Bearing: Yes

Infrastructure Reserve
Sangudo Solid Waste Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Infrastructure Reserve Sangudo Water Utility Fund

- Purpose:** The first priority of these funds will be the long term capital sustainability of the utility. The second priority will be rate stability in the utility. The Public Utilities Act limits the use of these funds for other purposes, any proposal should be reviewed for regulatory compliance.
- Source:** This is a public utility fund. Any surplus from this utility and rates raised for future capital obligations will be allocated to this fund.
- Fund Cap:** This fund will be capped at 200% of the value of TCA assigned to the utility.
- Duration:** Ongoing
- Interest Bearing:** Yes

Grants & Donations Reserve

Individual Grant Funds

- Purpose:** The first priority of these funds will be the purpose for which the funds were received. Any funds remaining at the completion of a program or donation that are not required to be returned to the grantor or donor, will be transferred to the general fund of a reserve specified by Council.
- Source:** A separate fund will be established for each grant program and any donations that will not be fully expended and reported in the period they are received.
- Fund Cap:** These funds will not have cap.
- Duration:** Ongoing
- Interest Bearing:** Yes

END OF POLICY