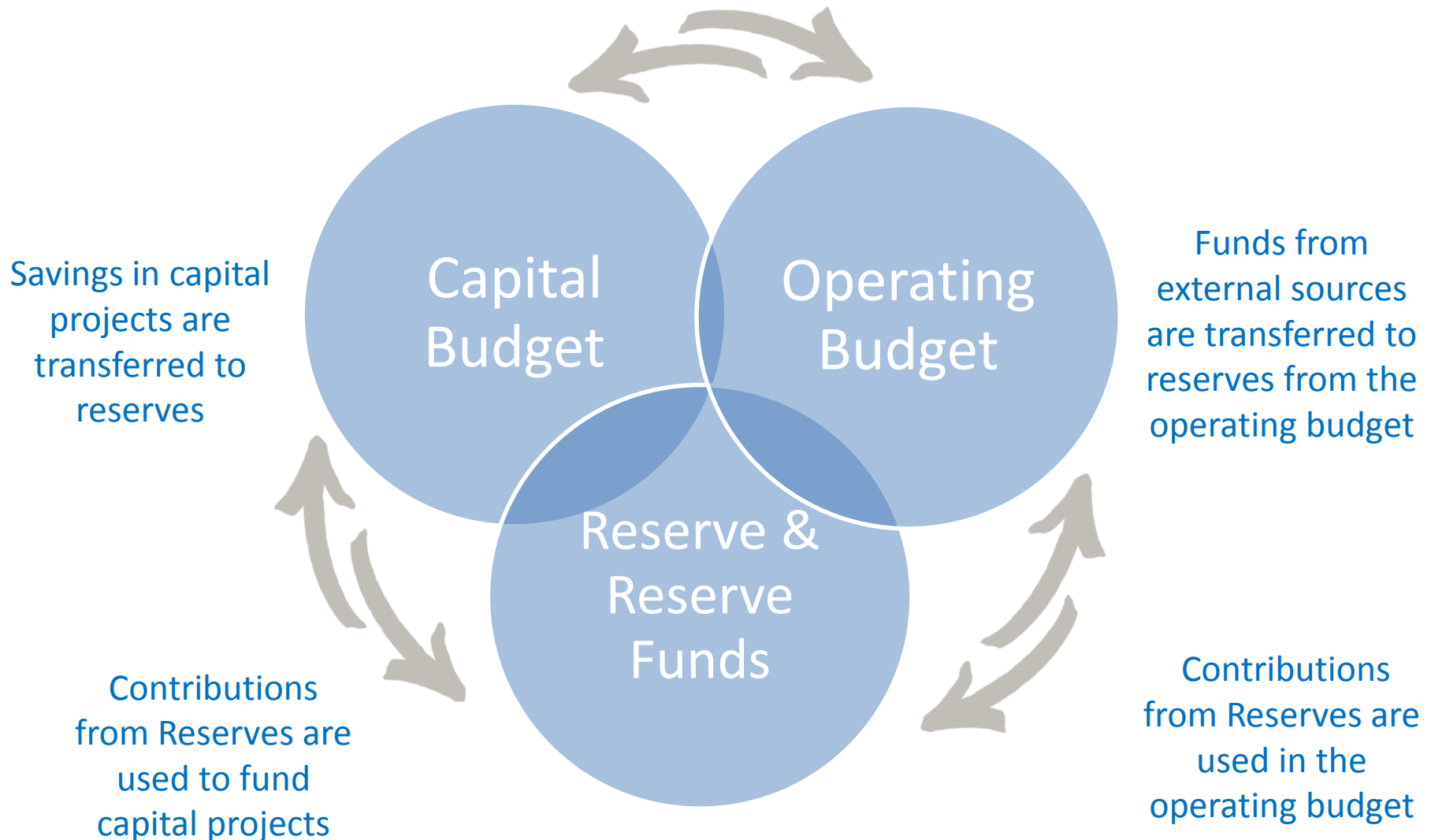




# Reserve and Reserve Fund Policy and By-Law Update

January 31, 2023

# Introduction



# Purpose of Reserve and Reserve Funds

- Provide a mechanism for **future financing**
- Provide **financial stability**
- Provide budgetary option to **mitigate** the need to **cut services** or to **raise taxes**
- **Clear intent** or **plan** regarding purpose and use
- Achieves **tax stability**

# Definitions: Reserve and Reserve Fund



The diagram consists of two light blue circles. The left circle is labeled 'Reserve' and has a blue arrow pointing down to its definition. The right circle is labeled 'Reserve Fund' and also has a blue arrow pointing down to its definition. The definitions are placed below each circle.

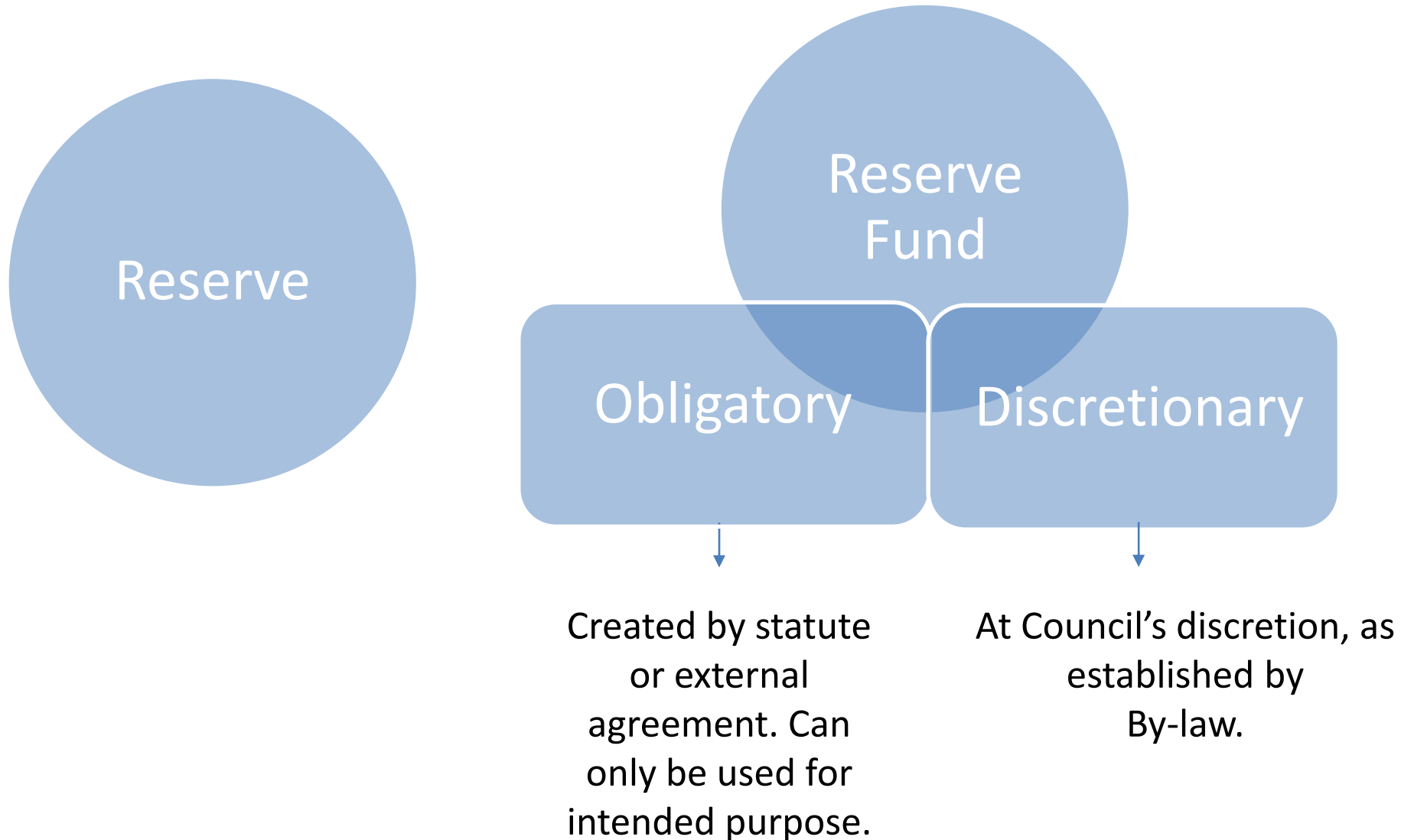
Reserve

Allocation of surplus set aside for specific purpose. The money is not segregated from the City's general cash flows.

Reserve  
Fund

Funds that have been set aside to meet a future event. The money is separated and earns interest.

# Definitions: Obligatory and Discretionary Reserves



# Schedule A: Reserve and Reserve Fund By-Law

## **For each Reserve or Reserve Fund:**

- Name
- Purpose
- Funding Source (Revenue)
- Intended Use (Expenditure)
- Funding Target

# Reserve & Reserve Fund Policy

## **Purpose of Policy is to establish**

- guiding principles,
- primary objectives,
- key management and administrative responsibilities,
- standards of care for reserves and reserve funds managed by the City.

# Reserve & Reserve Fund Policy

## Objectives

- To adhere to **statutory requirements**;
- To protect against **known risks** and **unforeseen events**;
- To promote **financial stability** and **flexibility**;
- To provide for **life cycle replacement** of capital assets;
- To **meet** specific **liabilities**;
- To **smooth out expenditures** which would otherwise cause fluctuations in operating or capital budgets;
- To provide for **planned future expenditures**;
- To provide a source of **internal financing**; and
- To promote **intergenerational equity**.



# Reserve & Reserve Fund Policy

## **Roles and Responsibilities of Municipal Council**

- Evaluate and approve policies
- Ensure that policies, practices and procedures are in place that maintain the long-term financial integrity
- Approve transactions to and from reserves and reserve funds
  - budget process; or
  - by specific resolution; and/or
  - by-laws.

# Reserve & Reserve Fund Policy

## **Reporting Requirements**

- Annual Audited Financial Statements
- Budget Reports
- Development Charges Report

# Conclusion

## **Proposed Fund Policy & Amended By-Law will**

- improves **clarity** to the **purpose** of reserves
- Ensures **targets** are identified and monitored
- Improves **internal controls** around roles and reporting
- Develop long term financial strategy

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