



<p>Approval Date: June 6, 2017 Effective Date: June 6, 2017 Review Date: June, 2020 Revision Date(s):</p>	<p>Title: Reserve Fund Policy</p>
	<p>Supporting Department: Financial Services</p>
	<p>Reference(s): Municipal Government Act 2015 – 2018 Strategic Plan</p>

1. PURPOSE

1.1 The purpose of this Council policy is to establish criteria for Rocky View County Reserves.

2. POLICY STATEMENT

2.1 Rocky View County establishes Reserves to ensure its long-term financial stability. Reserves provide financial flexibility, ensure stable and predictable funding, safeguard and optimize existing assets and provides for operating emergencies.

3. DEFINITIONS

3.1 In this policy:

- a. "Administration" means the management level staff at Rocky View County.
- b. "Bylaw" means a regulation or law adopted by a municipal corporation for governing the affairs described therein.
- c. "Capital Reserves" means reserves established to replace and/or rehabilitate major capital infrastructure assets and fund new capital assets.
- d. "Cash Flow" means the movement of money into and out of a business or as affecting liquidity.
- e. "Council" means the Council for Rocky View County.
- f. "County" means Rocky View County.
- g. "County Manager" means the County's chief administrative officer or their designate.
- h. "Reserve" means an account set up by a local authority to meet any unexpected costs that may arise in the future as well as the future costs of upkeep.
- i. "Restricted Reserve" means a reserve used for specific purpose that has limiting terms.
- j. "The Act" means the *Municipal Government Act, RSA 2000, c M-26, s 201(2)*.
- k. "Unrestricted Reserve" means a reserve that is not identified for any one particular purpose and has no limiting terms.

4. POLICY

4.1 Governance

- 4.1.1 This policy applies to all County Reserves except for those specifically governed by other legislation.
- 4.1.2 The County Manager shall ensure the County's Reserves are created, maintained and closed in compliance with this policy and best practices.
- 4.1.3 An annual Reserves report shall be presented to Council as part of the year-end financial statements.
- 4.1.4 Financial Services is responsible for developing accounting procedures for Reserve transactions and providing guidance to departments in complying with the intent of this policy.

4.2 Creating, Amending and Closing a Reserve

- 4.2.1 A new Reserve is established by the approval of the County Manager. The information in **Appendix A** of this policy is required to establish a Reserve.

4.2 Managing a Reserve

- 4.3.1 All withdrawals or transfers from Reserves shall be approved by Council by way of yearly budget process or budget adjustment prior to the transaction occurring.
- 4.3.2 Annual surpluses from the operating budget will be transferred automatically to the Tax Stabilization Reserve.
- 4.3.3 The appropriate County department shall prepare an action plan to return a Reserve back into compliance when a Reserve has been:
 - a) Over funded and has exceeded its applicable maximum target balance; or
 - b) Under funded and does not maintain its applicable minimum target balance.
- 4.3.4 The action plan will be reviewed by the County Manager and the General Manager to determine appropriate measures.
- 4.3.5 Expenditures from reserves must not exceed the Reserve balance unless it can be demonstrated through financial cash flow projections that future sources of revenues will provide adequate funding to return the Reserve to a positive balance.
- 4.3.6 All Reserves will be invested in interest bearing instruments as regulated by The Act and Rocky View County investment policy. Reserves may not be invested for a term that will exceed its expected date of need.
- 4.3.7 Every active Reserve will be reviewed at least once every year by Administration and Council.

Appendices

Appendix "A" – Rocky View County Creation/Amendment/Closing of Reserve Funds Form

Policy C-222 - APPENDIX "A"
ROCKY VIEW COUNTY
CREATION/AMENDMENT/CLOSING
OF RESERVE FUNDS

RESERVE NAME	
NEW / AMMENDMENT / CLOSURE	
PURPOSE (of the reserve)	
DESIGNATION (Capital, Operating)	
LIFESPAN (expected time required)	
FUNDING (Source)	
FUNDING CALCULATION (One time contribution, specific annual value or formula)	
INTEREST ALLOCATION (Interest to general revenue or to reserve specific)	
TARGET BALANCE (Maximum balance required or undetermined)	
PROGRAMS AFFECTED (for both contributions and withdrawals)	
REPORTING REQUIREMENTS	
CONDITIONS & RESTRICTIONS	
CONSEQUENCE OF NOT CREATING	
YEAR ESTABLISHED	
DEPARTMENT	
APPLICABLE REGULATIONS, ACTS, BYLAWS, POLICY OR PROCEDURE	