



COMMITTEE MEETING DATE: MAY 20, 2025

REQUEST FOR DECISION - TO COMMITTEE

SUBJECT

FI 004 RESERVE POLICY v4

RECOMMENDATION

THAT the County of Vermilion River Policy and Priorities Committee recommend that the County of Vermilion River approve Policy FI 004 Reserves as presented.

DETAILS

Background: At the County of Vermilion Policy and Priorities Committee Meeting 20 June 2024 it was requested by Council to review this policy in sections at future Policy and Priorities Committee Meetings. This Policy was last reviewed in September 2006. The Policy was brought to Council in sections from September 2024 to April 2025.

Discussion:

Reserve not dealt with in prior meetings:

Operating Reserve – Economic development

Operating Reserve – Water Well

Moving the Operating Reserve – Regional Water to the Capital Reserve section for assistance for future Capital request for maintenance or upgrades.

CVR – Town Agreement combined with Capital Maintenance Plan – Paved Roads as this reserve was set up for road maintenance close to the Town of Vermilion

Regional Water Study combined with Operating Reserve – Regional Water as it created for part of the Regional Water project.



Additional changes:

- 1) Ensure funding format is consistent throughout the policy.
- 2) Any additions or changes marked in red.
- 3) Added the word surplus to year end transfers.
- 4) Changed the name of Mill Rate Stabilization Reserve/Contingency Reserve to Contingency Reserve.
- 5) Added Annual Supplementary Taxes as a funding source for Contingency Reserve.
- 6) Deleted the 20 per cent of annual surplus wording and added year end surplus transfer for Contingency Reserve.
- 7) Deleted part of the application in the Contingency Reserve.
- 8) Removed the word Municipal from Municipal Technology Reserve.
- 9) Removed maximum amount for Municipal Technology Reserve.
- 10) Added Year end Surplus transfer to Planning Operational Reserve.
- 11) Removed maximum amount for Community Services Reserve and set minimum to \$700,000.00.
- 12) Remove Maximum amount for Administration Capital Reserve – Equipment
- 13) Remove interest bearing from Administration Capital Reserve – Equipment and Administration Capital Reserve – Building Renovation.

Summary of Feedback from previous meeting:

15 April 2025

- 1) Don't combine the Hamlet Reserve Capital Section into one Reserve until after we have completed the Hamlet Assessments. Kept with the same thought of keeping the reserve for Roads

15 October 2024

- 1) Keep the Operating Reserve – East Central Health separate from Restricted Operating Reserve – Aged & Handicap. Have both reserve as restricted and non-interest bearing. Aged & Handicap Reserve is currently not planned to be funded. Health Initiative Reserve to be funded annually via general tax levy.

17 September 2024

- 1) Keep the Operating Reserve – Recreation (Kitscoty) separate from the Operational Reserve – Community Services Reserve



Related to Policy FI 004 Reserve Policy:

Rescind:

- 1) FI 007 – Tax Stabilization Reserve – This reserve is now combined with Contingency, purpose is defined in this policy FI 004 Reserve Policy
- 2) FI 009 – Revenue from County Buildings – All County owned Buildings are leased out and revenue is accounted for in Planning and Community Services Budget.
- 3) FI 011 – Cash in Lieu of School Reserve – This is now covered under Planning and Community Services Policy PD 012
- 4) FI 013 – Fire Surplus Funds – These reserves are now combined; purpose is defined in this Policy FI 004 Reserve Policy.

Motion:

- 1) RFD to show movement of funds to combined reserves.

15 April 2025

Discussion:

- 1) As per the recommendation by auditors that we consolidate our reserves.
- 2) Not setting minimum or maximum amounts under Capital Reserves so that we are not restricted in Capital Plans.
- 3) Currently individual Hamlets or Multi-lots do not have enough funds in their respective reserves to fund any deficiency alone. By combining reserves and contributions going forward multi-year plans can be funded from a collective reserve. Therefore, Policy AD 005 Hamlet Management can be rescinded, and mill rates can be combined.

Gas:

- No changes

Public Works – Capital:

- Combine the Hamlet reserve (extra mill rate) into one for the purpose of maintaining hamlets infrastructure.
- Reserve (extra mill rate) for Multi lots for the purpose of maintaining Multi lot infrastructure.



- Provide a more defined purpose for existing road (Capital Maintenance – Plan Paved Roads) and new roads (Road Construction)
- Combine Vehicles Water and Sewer with Public Works equipment reserve.
- Combine Hamlet and Water and Sewer reserves to Hamlet Utility for the purpose of maintaining water, sewer and storm drainage infrastructure for all the hamlets.
- Drainage reserve to service Multi lots, the County’s Industrial areas, including Kams and other areas of the County.
- Create a new Reserve for Gravel – Capital to start funding future land purchases for gravel. This can be funded from the \$100,000.00 we currently allocate for gravel exploration if it is not used in the current year.
- Rename the Waste Management reserve to Waste for the purpose of purchasing land should it be required for landfill.

15 October 2024

Discussion:

- 4) As per the recommendation by auditors that we consolidate our reserves.
- 5) Not setting minimum or maximum amounts under Capital Reserves so that we are not restricted in Capital Plans.
- 6) The current Budget for 2025 does not consider any proposed increases to Reserves.

Council:

- Legislative Reserve no changes just keeping with what we have in budget for election cost.
- Mill Rate Stabilization Reserve combined with Contingency reserve.
 - First option of funding would be from County’s year end surplus before department can allocate their surplus.
 - Another option would be to fund at budget time.
 - Do we want to set a maximum?
- Combined the East Central Health and Aged & Handicap Reserve
 - The Aged & Handicap Reserve was set up in 1996 when an unused portion of a grant was transferred to the reserve. It was then used for Senior Flags which has not been used since 2008.
 - Senior Flags are now funded through FCSS.



- East Central Health reserve was set up from sale of land by Dr Cook in Lloydminster in 2009.
- Donation to the Lloydminster Regional Health Foundation has been coming out of this reserve.
- This reserve could also be used for funding of future capital projects by Health Facilities.

Public Works – Operational:

- Public Works repurposed to Public Works Fleet & Seasonal Maintenance. This is to cover any service level not identified as a specific operational reserve. A Previous Director of Public Works created these additional reserves. Now Administration is just identifying a purpose for these reserves.
- Combining Gravel Reclamation with Gravel. A liability has already been set up for reclamation of gravel pits. Should there be a short fall or overage that cannot be accommodated by our annual gravel budget, this reserve could be used.

17 September 2024

Discussion:

- 1) As per the recommendation by auditors that we consolidate our reserves.
- 2) Should the County set minimum or maximum amount for operational Reserves?
 - a. If we set minimum amount that it be defined as “the least of money to be kept in the reserve” rather than implied of “the lowest amount the reserve can ever be at” therefore not being able to use the funds in an operational emergency.
- 3) Not setting minimum or maximum amounts under Capital Reserves so that we are not restricted in Capital Plans.
- 4) The current Budget for 2025 does not consider any proposed increases to Reserves.

Department of Protective Services:

Operational Reserves:

- Combine Small Equipment and Vehicles /R&M – Fire Reserves
 - Maintain the \$220,000.00 reserve level and replenish as required.
- Keep Vermilion Fire Reserve as per the current existing agreement.
- Emergency and Disaster reserve set up toward supporting cash flow should the County have an Emergency Disaster happen.



Capital Reserve:

- Allow for Enforcement reserve to be set up for any operational and capital purchases. Replacing County Director Truck is currently planned in this reserve and not under the Fire Capital Reserve.
- No plans to use Enforcement reserve for operational expense.

Department of Planning and Community Services:

Operational Reserves:

- Park Trust and School Reserves are restricted per the MGA, hence following MGA requirements.
- Combine Development General and Projects Reserves as Planning Reserve for future unforeseen operational expenses and projects.
- Combine Community Services (Land, FCSS and Cemetery) with Recreational General and Kitscoty Recreation Reserve. By putting all Community Services Reserves together will be able to establish one levy to fund Community Services for the County. This will enable the Administration to withdraw expenses from the reserve and prevent the spikes on Recreation Levy to rate payers. There is a contribution of \$297,000.00 for land, should Blackfoot lots sell. Currently that money is marked for the Community Services Reserve, however we are currently confirming if that is the correct placement of the contributions. The Kitscoty Recreational Reserve was funded from general recreation hence can be combined with general reserve.

Department of Agriculture and Environment:

Operational Reserves:

- Combine Agriculture and Environment reserves.

Capital Reserves:

- Rat Reserve will be depleted in 2024 and merged as part of Agriculture equipment purchases.

Relevant Policy/Legislation Practices: FI 007; FI 009; FI 011; FI 013; MGA



Desired Outcome (s): THAT the County of Vermilion River Policy and Priorities Committee recommend that the County of Vermilion River approve Policy FI 004 as presented.

Response Options: THAT the County of Vermilion River Policy and Priorities Committee recommend that the County of Vermilion River approve Policy FI 004 as presented.

IMPLICATIONS OF RECOMMENDATION

Organizational: Future sustainability of the County of Vermilion River

Financial: Future sustainability of the County of Vermilion River

Communication Required: N/A

Implementation: Future sustainability of the County of Vermilion River

ATTACHMENTS

FI 004 Reserve Policy - Draft

FI 004 Reserve Policy – Original

Reserve Spreadsheet – Short version

FI 007 Tax Stabilization Reserve – Rescind

FI 009 Revenue from County Buildings – Rescind

FI 011 Cash in Lieu of School Reserve – Rescind

FI 013 Fire Surplus Funds - Rescind

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DATE: 14 May 2025