

POLICY #:	FI 004	POLICY TITLE:	RESERVE POLICY
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APPROVAL DATE AND MOTION:	13 December 1995 (???)	CROSS-REFERENCE:	
RESPONSIBILITY:	Finance Manger, Corporate Services	APPENDICES:	Schedule A – Operating Reserves Schedule B – Restricted Operating Reserves Schedule C – Capital Reserves
APPROVER:	Council	EFFECTIVE DATE:	
REVISION DATE(S)/ MOTION #	24-04-01; 32-11-01; 64-02-02; 38-04-03; 13-03-04; 15-04-04 (April 2004); 74-09-06 (26 September 2006)	NEXT REVIEW DATE:	May 2028

1. DEFINITIONS

- 1.a. **Capital Reserves** – Reserves established to fund improvements, replacement and or construction of the County's capital infrastructure.
- 1.b. **Council** – The seven (7) elected officials for the County of Vermilion River in the Province of Alberta.
- 1.c. **County** – The Municipality of the County of Vermilion River in the Province of Alberta.
- 1.d. **Interest Bearing** – Reserve receives interest at an average rate received by the County on balance held in trust.
- 1.e. **MGA** – Municipal Government Act, RSA 200, c M 26
- 1.f. **Operating Reserves** – Reserves established to fund emergent, unplanned, and unbudgeted expenditures of an operational nature that could not be foreseen at the time of budgeting.

- 1.g. **PIR** – refers to Alberta Workers' Compensation Board's Partnerships in Injury Reduction rebate.
- 1.h. **PPE** – Personal Protective Equipment
- 1.i. **Rate Payer** – Landowners and other stakeholders who pay property taxes within the County of Vermilion River.
- 1.j. **Residence** – Landowners and occupants of residences in the County.
- 1.k. **Restricted Reserve** – Reserves used for specific purposes directed by Council and the MGA.
- 1.l. **WCB** – refers to Alberta Workers Compensation Board.

2. POLICY STATEMENT

- 2.a. Establishing reserve funds to ensure the long-term financial stability of the County of Vermilion River.

3. OBJECTIVE

- 3.a. That the County is sustainable with its long-term capital infrastructure plans.
- 3.b. That the County maintains "healthy" financial assets to ensure maintenance of its capital infrastructure.
- 3.c. That the County positions itself to respond to varying economic conditions and changes affecting the County's financial position.
- 3.d. Ensure the County can continuously carry out its responsibilities to rate payers.

4. GUIDING PRINCIPLES

- 4.a. Transfers in and out of reserves must be approved by a Council motion. This is accomplished by annual budget and additional Council motions during the year.
- 4.b. Budget annually for capital reserve to repair, replace or build the County's Infrastructure.
- 4.c. Allow for any unused budget expenditure to be allocated at year end to reserves at the discretion of the Chief Administration Officer and approved by Council once Audited Financial Statement are approved.

- 4.d. Investments added together with current receivable less current liabilities must be equal to or greater than the total of all the reserves at the end of each financial year.
- 4.e. Reserves will be maintained as per Schedules A, B and C.

5. ROLES & RESPONSIBILITIES

ROLE/TASK	TITLE(S) OF PERSON RESPONSIBLE
HANDLING INQUIRIES	Director of Corporate Services and/or Finance Manager
MONITORING REVIEWS AND REVISIONS	Department Head with Corporate Services
IMPLEMENTING POLICY	Director of Corporate Services
COMMUNICATING POLICY	Chief Administrative Officer
INTERNAL STAKEHOLDERS	Department Heads
EXTERNAL STAKEHOLDERS	County of Vermilion River's Ratepayer

6. POLICY EVALUATION

- 6.a. Review reserve balances with capital and operations budget annually.

Schedule – A Schedule of Operational Reserves

11 – Legislation

NAME	Legislative Operational Reserve (Leg 1)
Purpose	To equalize election expenses over the four-year election term.
Funding Source	1) General tax levy via annual budget. Funding for this reserve is provided by general tax levy via annual budget contribution.
Application	These funds must be used for legislative functions as identified by the Council and CAO.

12 – Corporate Services

NAME	Mill Rate Stabilization /- Contingency Reserve (CS 1)
Purpose	To use as a stabilizing factor for uniform tax increases year after year, and, fund any unforeseen expenses during the year.
Funding Source	1) General tax levy via annual budget 2) Annual Supplementary Taxes 3) Year end surplus transfers Funding for this reserve is provided by general tax levy via annual budget contribution. 20% of any annual municipal surplus after accounting for work in progress or other committed allocations
Reserve Level	The average targeted reserve balance for this reserve could be \$2,000,000 . There is \$250,000 minimum amount of this reserve.
Application	These funds can be used to reduce overall tax levy to offset temporary spike in expense or loss of assessment. Only 1/3 of the balance for this reserve can be used for any given year as a mill rate stabilization.

NAME	Corporate Services Operational Reserve – Municipal Technology (CS 2)
Purpose	To equalize and offset periodic cost of maps, aerial photos, computers, software, ortho-correcting and other technical expenses that are not covered by regular year budget. Printers servers, Smartboard, Electronic Locks,
Funding Source	1) General tax levy via annual budget Funding for this reserve is provided by general tax levy via annual budget contribution.
Reserve Level	The maximum amount of this reserve is \$ 500,000 There is \$250,000 minimum amount of this reserve.
Application	These funds must be used for any information Technology and equipment area.

NAME	Corporate Services Operational Reserve – Economic Dev (CS 3)
Purpose	To establish funds to finance Economic Development Projects within the County.
Funding Source	1) General tax levy via annual budget contribution. 2) Year end transfers.
Application	Funding may be spent on Economic Development Projects identified by Council and CAO.

23 – Fire Services

NAME	Fire Operational Reserve (Fire 1)
Purpose	To fund unplanned small equipment and extra ordinary repairs for the fire department.
Funding Source	1) General tax levy via annual budget contribution 2) Year end surplus transfers.
Application	Funding may be spent in Protective Services operation based on the criteria established by Administration.

NAME	Fire Operational Reserve - Vermilion Fire (Fire 2)
Purpose	Set up through Fire Services Agreement with Town of Vermilion in 2021. To be used for medium and large equipment purchases. Agreement expires in 2025
Funding Source	1) General tax levy via annual budget contribution to reach maximum amount.
Reserve Level	Per Agreement, \$30,000 will be contributed each year to a Max of \$80,000 . \$10,000 contribution for medium equipment and \$20,000 contribution for large equipment
Application	Funding may be spent based on agreement.

24 – Emergency & Disaster

NAME	Emergency & Disaster Operational Reserve (Emg 1)
Purpose	To establish funds to finance a disaster which may occur within the County's boundaries until Provincial Assistance is received.
Funding Source	3) General tax levy via annual budget contribution. 4) Year end surplus transfers.
Reserve Level	The minimum amount of this reserve is \$250,000 .
Application	Funding may be spent in the event of emergency or disaster.

31 – Public Works

NAME	Public Works Operational – Fleet & Seasonal Maintenance (PW 1)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Reserve Level	The maximum amount for this reserve is \$2,000,000
Application	Funding may be spent on operational service level of Cold mix, Dust suppression, Fleet repairs and maintenance, Winter maintenance, Mulching, Reclaiming or Milling and any other projects not specifically identified in Reserve Policy.

NAME	Public Works Operational – Bridge Maintenance & Inspections. (PW 2)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Reserve Level	The maximum amount for this reserve is to be capped at the average of 5 years of operational cost.
Application	Funding may be spent on operational projects for Bridge Maintenance and Inspections.

NAME	Public Works Operational Reserve – Hamlets (PW 3)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfer
Application	Funding may be spent on any operational aspect for Hamlets such as sidewalks, curb, pavement, water and sewer repairs ect.

NAME	Public Works Operational Reserve – Subdivision /Multi lots (PW 4)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Reserve Level	The maximum amount for this reserve is to be capped at the average of 5 years of operational cost.
Application	Funding may be spent on operational aspect of Subdivision/Multi lots such as Roads, Ditching, Culverts and Drainage ect

NAME	Public Works Operational Reserve – Gravel (PW 5)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Reserve Level	The maximum amount for this reserve is to be capped at the average of 5 years of operational cost.
Application	Funding may be spent on operational aspects for Gravel such as purchasing gravel for roads, additional hauling for County Stockpiles, overage on gravel reclamation, ect.

NAME	Public Works Operational Reserve – Drainage Ditches (PW 6)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spent on operational aspect for Drainage and Ditches

NAME	Public Works Operational Reserve– Kam’s (PW 7)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Background	Set up in 2015 along with the Capital reserve for Stormwater Infrastructure / local Improvement Levy collected annually to be repaid – collected through the utility bills
Funding Source	1) Funding is per By-Law 11-16 and 15-12 collected annual through utility bills.
Reserve Level	The maximum amount of this reserve is \$100,000
Application	Funding may be spent on operational aspect for the Kam’s Industrial area’s Stormwater Management.

NAME	Public Works Operational Reserve – Safety (PW 8)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) From annual WCB PIR 2) General tax levy via annual budget 3) Year end surplus transfers
Application	Funding may be spent on operational aspect for Safety such as Safety Awards, Restocking of bulk PPE, training, and any other projects for Safety.

NAME	Public Works Operational Reserve – Water Wells (PW 9)
Purpose	For unforeseen Operating expenses and Capital expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spent on operational and capital aspect for community water wells within the County

61 – Planning

NAME	Planning Operational Reserve – Annexation/Amalgamation (P&CS 1)
Purpose	To account of annexation payments received and / or receivable to be used in future years as annexation and / or Planning related works associated with amalgamations arise.
Funding Source	By means of payments due to the County resulting from Annexation.
Reserve Level	The minimum amount in this reserve is \$100,000 The maximum amount would be dependent on any Annexations that take place. The general taxation portion of the funded program to be returned through the annexation process.
Application	These funds will be expended to fund future operations or Annexation payments.

NAME	Planning Operational Reserve - Off-Site Levy (P&CS 2)
Purpose	To collect levies received from developers under Bylaw – Off-Site Levy, within the specified area detailed in the Bylaw.
Funding Source	By means of development levies received under Bylaw or other Off Site Levy Bylaws established from time to time.
Application	May be expended to fund new or expanded infrastructure with the Off Site Levy area as outlined in Off Site Levy Bylaw(s) approved by Council.
Interest Bearing	Interest Bearing

NAME	Planning Operational Reserve (P&CS 3)
Purpose	For unforeseen annual general operating expenses and to provide a holding area for sub reserves to this operating reserve.
Funding Source	1) General tax levy via annual budget. 2) Year end surplus transfers
Reserve Level	The recommended minimum amount of this reserve is \$500,000
Application	May be expended to fund planning and development unforeseen operating expenses and projects as needed.

62 – Agriculture and Environment

NAME	Agriculture and Environment Operational Reserve (Ag 1)
Purpose	For extraordinary expenditures that could not be foreseen or predicted at budget time.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers.
Reserve Level	The maximum amount of this reserve is \$ 150,000
Application	Funding may be spent on operational projects meeting the criteria established by Administration.

72 – Community Services

NAME	Community Services Reserve (P&CS 4)
Purpose	To provide financial assistance to local organizations and groups to support operating costs associated with the delivery of programs, services and events that promote active, safe, and sustainable communities and improve the quality of life in the County.
Funding Source	1) General tax levy via annual budget
Reserve Level	The minimum amount of this reserve is \$500,000 to \$700,000
Application	Funding may be spent on projects meeting the criteria established Policy PD 021 – Community Enhancement Funding Policy.

NAME	Recreation Operational Reserve – Kitscoty (P&CS 5)
Purpose	To provide financial capital assistance to local organizations and groups in the Kitscoty Recreation District. Once this reserve is depleted, it will be removed. Future funding will be allocated from the Community Service Reserve.
Funding Source	Funding for this reserve was previously funded by Council's direction.
Application	Funding may be spent on projects meeting the criteria established Policy PD 021 – Community Enhancement Funding Policy.

91 – Gas

NAME	Gas Utility Operational Reserve (Gas 1)
Purpose	To fund operational expenses due to extraordinary, unplanned events that cannot be funded from current year operational budget.
Funding Source	1) General funding by means of an annual budget 2) Year end surplus transfers.
Reserve Level	The minimum amount of this reserve is \$50,000.00 The maximum amount of this reserve is 25% of current year operating budget (rounded to nearest million dollar)
Application	Funding may be spent on projects meeting the criteria established by Gas Administration.
Interest Bearing	Interest Bearing.

Schedule – B Schedule of Restricted Operating Reserves

12 – Corporate Services

NAME	Aged & Handicap Reserve - RESTRICTED (CS 4)
Purpose	To support health and wellness of the Seniors by providing support services. Use of this reserve is restricted by Council's motion.
Background	Initial set up in 1996 where unused portion of a conditional grant was transferred to reserve. Purchased Senior Flags In the Past (last used for flags in 2008)
Funding Source	Funding for this reserve was from previous grants. No future funding is currently being provided for.
Application	County Council may authorize use of this reserve based on above mentioned purpose.
Interest Bearing	Interest bearing.

NAME	Health Initiative Reserve (CS 5)
Purpose	To support health and wellness of the County residents by supporting various institutions that operate in this field. Use of this reserve is restricted by Council's motion.
Background	Original Reserve set up with funds from sale of land by the Dr Cook in Lloydminster in 2009. Has been put towards Lloyd Regional Health Foundation, Slim Thorpe, and Vermilion Valley Lodge.
Funding Source	1) General tax levy via annual budget contribution
Application	County council may authorize use of this reserve based on above mentioned purpose.

61 – Planning

NAME	Park Trust Municipal Reserve - RESTRICTED (P&CS 6)
Purpose	To develop public space or public recreation areas for Public Use within the County in accordance with Section 571(4) of the Municipal Government Act.
Funding Source	Funds received from developers in lieu of designating lands for municipal reserve as outlined in Section 667 of the MGA and Policy PD 012 – Municipal Reserves Policy.
Reserve Level	The minimum amount of this reserve is \$100,000 The target on this reserve is to maintain a balance that the interest will provide funding those purposes listed under the MGA s.671(2) within the County boundary.
Application	These funds may be expended on creation or enhancement of: <ul style="list-style-type: none"> a) A public park; b) A public recreation area; c) To separate areas of land that are used for different purposes. In accordance with Section 671(2) of the MGA, as approved by Council. Application requirements and allocations listed in Policy PD 004 – Land Management Policy.
Interest Bearing	Interest bearing

NAME	School Cash in Lieu Municipal Reserve – RESTRICTED (P&CS 7)
Purpose	For school board purposes within the County in accordance with Section 671(4) of the Municipal Government Act.
Funding Source	Funds received from developers in lieu of designating lands for municipal reserve as outlined in Section 667 of the MGA and Policy PD 012 – Municipal Reserves Policy
Reserve Level	The minimum amount of this reserve is \$100,000 The target on this reserve is to maintain a balance that the interest will provide funding those purposes listed under the MGA s.671(2) within the County boundary.
Application	These funds may be expended on creation or enhancement of: <ul style="list-style-type: none"> a) School board purposes In accordance with Section 671(2) of the MGA, as approved by Council. Application requirements and allocations listed in Policy PD 012 – Municipal Reserves Policy.
Interest Bearing	Interest bearing.

Schedule – C Schedule of Capital Reserves

12 – Corporate Services

NAME	Administration Capital Reserve – Equipment (CS Cap 1)
Purpose	To assist with financial planning to replace, purchase or renovate Municipal and Administration Equipment.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers Funding for this reserve is by means of an annual budget, multi-year capital budget and year end transfers.
Reserve Level	The maximum amount of this reserve is \$1,000,000
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.
Interest Bearing	Interest Bearing.

NAME	Administration Capital Reserve - Building Renovations (CS Cap 2)
Purpose	To assist with financial planning to replace, purchase or renovate Administration building.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfer Funding for this reserve is by means of an annual budget, multi-year capital budget and year end transfers.
Reserve Level	The maximum amount of this reserve is \$1,000,000
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.
Interest Bearing	Interest Bearing.

21 – Enforcement

NAME	Enforcement Operational and Capital Reserve (Enf Cap 1)
Purpose	To assist with financial planning for Enforcement unforeseen operational and capital purchase
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers.
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

23 – Fire

NAME	Fire Capital Reserve – Fire Trucks (Fire Cap 1)
Purpose	To assist with financial planning for Fire Trucks purchase
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers.
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

31 – Public Works

NAME	Capital Reserves - Hamlets (PW Cap 1)
Purpose	To assist with financial planning to repairs, replace or build road infrastructure in the Hamlets of the County.
Funding Source	1) Tax Levy as per Policy AD 005 Hamlet Management
List of Hamlets	1) Blackfoot 2) Clandonald 3) Dewberry 4) Islay 5) McLaughlin 6) Rivercourse 7) Streamstown 8) Tulliby Lake
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

NAME	Capital Reserve - Multi Lots (PW Cap 2)
Purpose	To assist with financial planning to repairs, replace or build road infrastructure in the Multi Lots of the County.
Funding Source	1) Annual additional tax levy
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

NAME	Public Works Capital Reserve - All Facilities (PW Cap 3)
Purpose	To assist with financial planning to replace, purchase or renovate County Facilities. To provide a stable, predictable cash flow to fund the Facilities.
Funding Source	1) General tax levy via annual budget from each department 2) Year end surplus transfers
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

NAME	Public Works Capital Reserve - Equipment (PW Cap 4)
Purpose	To assist with financial planning to replace, purchase or build Public Works equipment and vehicles fleet.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

NAME	Public Works Capital Reserve – Capital Maintenance Plan – Paved Roads (PW Cap 5)
Purpose	To assist with financial planning to maintain existing paved roads in the County eg overlay, chipseal and micro-surfacing
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

NAME	Public Works Capital Reserve - Bridges (PW Cap 6)
Purpose	To assist with financial planning to replace, repair or build, if required, the County's Bridges.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers.
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

NAME	Public Works Capital Reserve – Road Construction (PW Cap 7)
Purpose	To assist with financial planning to construct, reconstruct and pave roads in the County.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spent as per multi-year capital plan upon discretion of administration. Once road completed it will be maintained under the Capital Maintenance – Plan Paved Roads.

NAME	Public Works Capital Reserve - Cost Share (PW Cap 8)
Purpose	To assist with financial planning of Industry Cost Share Projects.
Funding Source	1) General tax levy via annual budget, if not used in current year
Application	Funding may be spent upon discretion of administration

NAME	Public Works Capital Reserve - Drainage (PW Cap 9)
Purpose	To assist with financial planning to replace, repair or build capital drainage systems as required in County including Multi lots and Kams.
Funding Source	1) General tax levy via annual budget, if not used in current year 2) Year end surplus transfers
Application	Funding may be spent upon discretion of administration.

NAME	Public Works Capital Reserve - Gravel (PW Cap 10)
Purpose	To assist with financial planning to acquire Gravel Reserves. To obtain a Gravel Reserve Quantities for the long term viability of protecting municipal gravel road network.
Funding Source	1) General tax levy via annual budget, if not used in current year 2) Year end surplus transfers
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

41 – Water & Sewer

NAME	Public Works Capital Reserve – Hamlet Utilities (PW Cap 11)
Purpose	To assist with financial planning to replace water, sewer and storm drainage infrastructure in the Hamlets of the County.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spend as per multi-year capital plan upon discretion of administration.

NAME	Public Works Capital Reserve – Regional Water Infrast (PW Cap 12)
Purpose	To assist with financial planning to replace regional water infrastructure in the County.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spent on capital requirements from the Regional Water Board.

43 – Waste

NAME	Public Works Capital Reserve – Waste Management (PW Cap 12)
Purpose	To assist with financial planning to replace, purchase or upgrade Waste Management program.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

62 – Agriculture and Environment

NAME	Agriculture & Environment Capital Reserve (Ag Cap 1)
Purpose	To assist with financial planning to purchase Agriculture equipment.
Funding Source	1) General tax levy via annual budget 2) Year end surplus transfers.
Application	Funding may be spent as per multi-year capital plan upon discretion of administration.

91 – Gas

NAME	Gas Utility Capital Reserve - Equipment (Gas Cap 1)
Purpose	To assist with financial planning to replace, repair or build the Gas Utility Equipment Fleet.
Funding Source	1) Funding via annual budget 2) Year end surplus transfers
Reserve Level	Balance shall be in accordance with approved Capital Equipment Budgets and Asset Management Plan.
Application	Funding may be spent as per multi-year capital plan.
Interest Bearing	Interest Bearing.

NAME	Gas Utility Capital Reserve - Infrastructure (Gas Cap 2)
Purpose	To assist with financial planning of the Gas Utility Capital Infrastructure Construction/Replacement, Innovative Projects, and Environmental Initiatives.
Funding Source	1) Funding via annual budget 2) Year end surplus transfers
Reserve Level	Balance shall be in accordance with approved Multi Year Capital Equipment Budgets and Asset Management Plan.
Application	Funding may be spent as per multi-year capital plan.
Interest Bearing	Interest Bearing.