



Reserves Policy # 2020-01

The purpose of this policy is to:

Establish guidelines for the management of existing reserves and the establishment of new reserves. Managing reserves is a prudent business practice that will enhance the Village's cash flow management, ability to provide for future operating and capital requirements, and ability to maintain more consistent mill rate and user rates when faced with unexpected or non-recurring expenses.

General Guidelines

- 1) A reserve listing as of December 31st of each year is to be presented to Council for approval upon completion of the annual audit.
 - a) The reserves listing may include different classes of reserves. In the reserves listing,
 - i) "Budget Carry-over" means reserve funds from budgeted items from previous year(s) that are either incomplete or not yet started.
 - ii) "Capital reserves" means reserves generally established to fund expenditures of a capital nature.
 - iii) "Contingency for unexpected expenditures" are reserve funds intended to fund unforeseen and unexpected operating expenditures.
 - iv) "Scheduled Non-annualized Operating Expenditures" are reserve funds for operating expenditures that do not occur on an annual basis but that can be anticipated and scheduled.
- 2) All reserve items on the reserves listing must have a description, including the purpose for which the reserve is intended. Unless otherwise stated, all funds are considered committed for the specified purpose. When the original intent of a reserve item has been met or changed, any remaining funds should be either reallocated to another reserve item or brought back into budget.
- 3) All expenditures and reallocations of reserves must have prior approval, whether through the approved budget or through special CAO or Council approval.
 - a) Approval of non-budgeted expenditures of reserve funds must be obtained from:
 - i) The CAO for any projects requiring reserve funding totaling \$1,500 or less;



- ii) Council for any projects requiring reserve funding totaling more than \$1,500.
- b) Approval to reallocate reserve funds must be obtained prior to the transaction occurring from:
 - i) The CAO for reallocations of \$1,500 or less;
 - ii) Council for reallocations of more than \$1,500.
- c) When 3(a)(i) or 3(b)(i) above are utilized, the CAO is required to inform Council at the next Council meeting.
- 4) As a general rule:
 - a) Off-site levies, off-site cost recoveries and net proceeds from land sales should be added to land reserves.
 - b) Investment earnings from the Village's reserve portfolio should be reserved.

Date adopted: June 16, 2020

Resolution Number: 2020.06.106