

Reserve Framework Policy

C-2B.039

Section: 2.0 General Government and Administrative Services
- B. Finance

Authority: Council

**Administering
Department:** Corporate Services

Statement

The Municipal District of Bonnyville (M.D.) is committed to the development of a holistic Financial Sustainability Plan. The Operating Reserve component is an integral part of this Plan. Proper management of Operating Reserves fosters prudent, beneficial financial practices ensuring financial sustainability into the future.

Purpose

The purpose of this policy is to provide structure and guidelines for the establishment and use of operating reserves within the M.D.'s long term Financial Sustainability Plan.

Definitions

For the purposes of this policy:

- (1) "Chief Administrative Officer" (CAO) means the Chief Administrative Officer of the M.D. appointed by Council, or their authorized delegate;
- (2) "Council" means the duly elected Council of the M.D.;
- (3) "Financial Sustainability Plan" means a plan that allows a municipality to sustain itself over the long term so that it is able to continue to support its mission;
- (4) "Operating Reserve" means reserves that are established by Council for municipal purposes and are not mandated by the Province of Alberta;
- (5) "Reserve Framework" means the structure in which operating reserves are established, the method of revenue generation and the guidelines for expenditure of reserve funds;
- (6) "Restricted Reserves" means reserve funds that are mandated by the Province of Alberta through the *Municipal Government Act, R.S.A. 2000, c. M-26* which are restricted to the mandated purpose.

Policy

- (1) All operating reserves are established by Council for a specific municipal purpose and are regulated by this Policy.
- (2) Acceptable revenue sources for an operating reserve are as outlined below:
 - (a) Approved annual budget transfers to reserve from operating.
 - (b) Council approved transfers to reserve.

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- (c) Annual allocation of excess investment interest earnings which are not required to fund the operating budget. Interest will be allocated across operating reserves on a pro rata basis.
 - (d) Surplus funds from capital projects funded by that reserve.
 - (e) Annual operating surplus.
 - (f) Contributions from other local or provincial governments for future use.
 - (g) Contributions or donations from other sources.
- (3) Acceptable expenditures for operating reserves are as outlined below:
- (a) Approved annual budget transfers from reserve to operating.
 - (b) Council approved transfers from reserve.
 - (c) Approved capital plan budget funds for capital projects funded by the reserve.
- (4) Each operating reserve will be established through Council policy and will specify the terms for each individual reserve.
- (5) Council may dissolve an operating reserve at their discretion.
- (6) Restricted reserves are not included in this policy and will be managed in accordance with the *Municipal Government Act, R.S.A. 2000, c. M-26*.

Policy Review

Within five (5) years from date adopted / amended / reviewed.

For administrative use only:

Related Documentation:	List here
(plans, bylaws, policies, procedures, etc.)	

Date Adopted:

Resolution No:

Date Reviewed₍₀₁₎:

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