

FIN-001-024: Financial Reserves Policy (REVISED)**Report Purpose**

To seek Council approval of FIN-001-024: Financial Reserves Policy, as revised.

Recommendation

THAT revised FIN-001-024: Financial Reserves Policy, as set out in Enclosure 1 of the July 4, 2017 Financial Services report, be approved.

Council History

Jan 19, 2016 – Council approved FIN-001-024: Municipal Reserves Policy, as revised.

July 8, 2014 – Council approved FIN-001-024: Municipal Reserves Policy, as revised.

November 4, 2008 – Council approved FIN-001-024: Municipal Reserves Policy.

Strategic Plan Priority Areas

Economy: Financial reserves contribute to investing and maintaining effective and efficient infrastructure, and facilitate the provision of quality programs and service that residents and businesses value.

Governance: Financial reserves allow for strong fiscal planning and management.

Social: n/a

Culture: n/a

Environment: n/a

Other Impacts

Policy: Pursuant to County Policy GOV-002-021: Mandatory Review of Bylaws and Policies, Strathcona County will periodically review and evaluate all bylaws and policies to ensure that they are timely, effective and appropriate.

Legislative/Legal: The MGA provides that a municipality has the duties that it imposes upon itself as a matter of policy.

Interdepartmental: All County departments

Summary

The proposed revisions to the policy do not significantly change the nature of the policy or the guidance within. The optimal reserve formula schedule has been updated for reserve descriptions which previously indicated "to be determined". The policy also contains Legislative and Legal Service's recommended revisions to format and guidelines.

Schedule "A" Optimal Balance Formulas – Optimal Balance formulas have been added for:

- R12) Cultural Development Fund
- R13) Internal Financing
- R15) Broadmoor Golf Course

Reserve Descriptions – Edits to the following Reserve Descriptions have been made:

- R1) Stabilization Reserve – added authority for Year End Carry forward release amounts to be transferred to this reserve
- R2) Contingency Reserve – added authority to allow for gains from the sale of investments to be transferred to this reserve
- R3) Municipal Carry Forward Reserve – added authority for released funds to be transferred to the Stabilization Reserve
- R5) Municipal Infrastructure Lifecycle, Maintenance and Replacement Reserve – added authority for penalties received for substandard road construction to be transferred to this reserve

- R7) Strathcona Community Investment Program – to allow for the unused portions of the current operating budget to be transferred to this reserve as per the Strathcona Community Investment Program Policy GOV-002-030
- R12) Cultural Development Fund and R15) Broadmoor Golf Course to more accurately portray the application of the reserve
- R13) Internal Financing to align with changes made in the Debt Management Policy FIN-001-025.

Enclosures

- 1 Municipal Policy FIN-001-024: Municipal Reserves – Revised (with changes incorporated) (Document: 10343870)
- 2 Municipal Policy FIN-001-024: Municipal Reserves – Revised (with changes highlighted) (Document: 10351061)
- 3 Reserve Policy Presentation (Document: 10350553)