

Reserve Policy Update

FIN-001-024 – Financial Reserves

Summary of changes

- Policy wording and structure
- Reserve management oversight
- Reserve composition
- Reserve descriptions
- Authorized ranges



Policy wording and structure

- Policy statement
- Purpose
- Definitions
- Guidelines
- Authorized range schedule



Reserve management oversight

- Concept of Council's oversight in reserve management
 - Rebalancing
 - 10% of portfolio threshold
 - Chief Financial Officer approval
 - Annual
 - Q4 Management Report to speak to all changes
 - Specific to authorized range reserves
- Administration's responsibilities
 - Redesignation and reporting
 - Funding sources
 - Financial housekeeping

Reserve composition

- Numbering
- Roll up categories
- Restructuring
 - Removed four descriptions
 - Added three descriptions



Reserve description listing

Entity	Current description	Proposed description
Municipal	R2) Stabilization and Contingency	RM1) Municipal Operations, Stabilization and Contingency
	R3) Year End Carry Forwards	N/A
	R4) Municipal Projects	RM2) Municipal Capital
	R5) Municipal Infrastructure Lifecycle, Maintenance and Replacement	RM3) Municipal Infrastructure Lifecycle
	R6) Council Priority Funds	RM4) Council Priority Funds
	R8) Public Reserve Trust	RM5) Public Reserve Trust
	R9) General Land	RM6) General Land
	R10) Municipal Levy Debt Repayment	RM7) Municipal Levy Debt Repayment
	R11) Major Recreation Facility Debt Repayment	N/A
	R12) Cultural Development Fund	RM8) Cultural Development Fund
	R13) Internal Financing	N/A
	R15) Broadmoor Golf Course	RM9) Broadmoor Golf Course
	R16) Heartland Infrastructure	RM10) Heartland Infrastructure
	N/A	RM11) Recreational Infrastructure Levy
	N/A	RM12) Health Benefit
	N/A	RM13) CEIP
Utilities	RU1) Utility Rate Stabilization and Contingency	RU1) Utility Rate Stabilization and Contingency
	RU2) Year End Carry Forwards – Utilities Reserve	N/A
	RU3) Utilities Projects Reserve	RU2) Utilities Projects Reserve
	RU4) Utilities Infrastructure Lifecycle, Maintenance and Replacement Reserve	RU3) Utilities Infrastructure Lifecycle, Maintenance and Replacement Reserve
	RU5) Utility Levy Debt Repayment Reserve	RU4) Utility Levy Debt Repayment Reserve

Reserve descriptions

- Updated the structure of the Reserve Description Template
- Source(s) of funding to include minor, consistent contributions and redesignation transfers
- Inclusion of authorized range formula in description

Current reserve description template	Proposed reserve description template
Type	Entity
Roll up category	Roll up category
Name	Name
N/A	Capital or operating
Purpose	Purpose
Source of funding	Source(s) of funding
Optimal balance	Authorized range
Application	Application
Duration	N/A
Interest bearing	Interest bearing
Approved by Council	Approved by Council

Authorized range

- Changed from optimal balance to authorized range
- Allows for flexibility in a dynamic environment
- Future-focused and reflects multi-year budgeting strategy
- Enables periodic rebalancing

Optimal balance vs authorized range

Optimal balance: Stabilization and Contingency Reserve

- 5% of prior year’s Municipal operating expenses




Current optimal balance formula	Optimal balance (thousands)
2023 Municipal Operating Expenses	\$352M
Percentage	5%
Stability and Contingency Reserve targets	\$17.6M

Authorized range: Stabilization and Contingency Reserve

- Range of 8-12% of the current year municipal operating budget

Proposed authorized range formula	Authorized range (thousands)	
	minimum	maximum
2024 Municipal Operating Budget	\$360M	
Percentage	8%	12%
Municipal Operations, Stability and Contingency Reserve targets	\$29M	\$43M

Proposed authorized range

Reserve description	Proposed formula (rounded to nearest million)	Proposed range (2024)	Uncommitted balance 12/31/2023 (after surplus)
Municipal Operations, Stabilization and Contingency	8-12% of the current year municipal operating budget (\$360M in 2024)	\$29M to \$43M	\$4.4M 
Municipal Capital	2x the average of five-year projected capital budget funding, +/- 20% for this Reserve	\$24M to \$36M	\$21.3M 
Municipal Infrastructure Lifecycle	Average of five-year projected annual program budget, +/- 20%	\$44M to \$66	\$63.7M 
General Land	In progress – will be based on approved Area Structure Plans with identified Municipal land requirements beyond required dedication.	In progress – will be based proportion of land needs spread over 20-25 years.	\$9.4M

Closing and questions