

THE RURAL MUNICIPALITY OF PINEY

“Capital and Reserve Fund Policy”

Subject: **Capital and Reserve Funds**

Effective Date: **March 12, 2014**

Replaces Policy: **New**

Resolution No.: **66** **Resolution Date:** **March 11, 2014**

A. PURPOSE:

The purpose of the Capital and Reserve Fund Policy is to provide guidance with respect to the development, maintenance and use of Reserve Funds. The Municipality shall strive to develop appropriate reserves to meet future financial obligations with respect to equipment, infrastructure and fiscal needs.

This policy also defines minimum balances to be maintained in the Capital and Operating Reserve Funds; to define sources of funding, and uses of funding; to define permitted uses which lowers the fund below the minimum balances. Refer to establishment of Reserves by By-Law in the Municipal Act under Section 168(1)

B. POLICY

As a means of solid financial planning, Council has created a number of special reserve funds to address both future operational and especially, capital resource needs. These funds address new acquisitions and replacement but have general restriction on use. The Operating Reserve Fund is more flexible as Council can use the fund for both operating and capital purposes as outlined in the by-law that establishes the fund.

C. MINIMUM BALANCE PROVISION

The suggested Minimum Balances in the Reserve Funds shall be defined as follows:

<u>Operating Reserves</u>	<u>% of operating fund</u>
General Government Services	5%
Protective Services	15%
Transportation Operating Fund	15%
Environmental Health Services	5%
Recreation and Cultural Services	5%

<u>Capital Reserves</u>	<u>Minimum Balance</u>
Capital Reserve Fund	\$500,000.00
Protective Services Reserve Fund	\$100,000.00
Waste Disposal Reserve Fund	\$100,000.00
Recreation Services Reserve Fund	\$50,000.00

Funds may be withdrawn in a fiscal year as outlined in the Municipal Act Section 168(2) and in the current Financial Plan. Operating Funds may also be used to cover previous year deficits as provided for in the Municipal Act under Section 165(1).

D. PHASE IN

A phase in period of 10 years may be used to achieve the minimum balances as set out above.

E. CONCLUSION:

It is intended that Council can revisit this policy in future to amend the minimum balances.