



POLICY

POLICY NO:	346	APPROVAL DATE:	February 11, 2019
TITLE:	Reserve Funds	REVISION DATE:	April 3, 2023
SECTION:	Finance	LAST REVIEWED:	April 3, 2023
DEPARTMENT:	Finance	PAGE 1 OF 2	

POLICY STATEMENT

The City of Grande Prairie (City) recognizes the need for prudent business practices that will enhance the City's financial strength. A Reserve Policy will allow flexibility, cash flow management, and the ability for the City to achieve Council's strategic plan, while providing for property tax stabilization, provision of consistent service levels and reducing the need for debt financing.

REASON FOR POLICY

To maintain consistent standards and guidelines for the establishment and use of reserve funds.

RELATED INFORMATION

Council has the authority to create and close Reserve Funds.

All Reserve Fund transactions, re-designations or revisions require Council approval.

Funding to and from Reserve Funds will be approved by Council through:

1. The annual operating and capital budget process;
2. The year end Reserve Fund request and approval process;
3. The previously approved Reserve funding source description; or
4. Council resolution.

Reserve Funds are intended as permanent funds unless otherwise stated in Schedule A attached.

All Reserve Funds identified in Schedule A shall include the following information:

- Purpose
- Funding Source
- Recommended Reserve Fund Level
- Application
- Duration
- Interest Bearing
- Relevant Statutes/Master Plans/City Documents

All Reserve Funds shall be administered by the Director, Financial Management under the direction of the Chief Financial Officer and in accordance with current municipal policies and public sector accounting standards.

All Reserve Fund accounts must be presented in the City's annual financial statements and budget documents.

Reserve Fund reporting will form part of the quarterly and annual financial statements and significant transactions affecting these will be highlighted.

RESPONSIBILITIES

City Council will review and approve any revisions to this Policy.

City Manager will review and approve any procedures related to this Policy.

City Administration will carry out the Policy based on established Procedures.

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Cemetery Perpetual Care Reserve	
Purpose	To provide funds for the improvement, maintenance, management, control and operation of City cemeteries once closed for future interments.
Funding Source	Annual contributions from operations based on the Cemetery Master Plan and recommended Reserve Fund level. It is intended that interest earned will be sufficient to fund once a cemetery has been closed.
Recommended Reserve Level	Based on the Cemetery Master Plan.
Application	These funds may be used for the upkeep of cemeteries once closed for future interments. This would include improvements, maintenance, management, control and operation costs as approved by Council.
Duration	Permanent
Interest Bearing	Yes
Relevant Document	Cemetery Master Plan

Facility Renewal Reserve	
Purpose	To provide funds for the refurbishment, renovation and replacement of existing City facilities.
Funding Source	Annual operating transfer or other transfers based upon the average facility renewal requirements as provided in the Facility Condition Index Report and as approved by Council.
Recommended Reserve Level	Minimum balance equal to the subsequent year's renewal requirements.
Application	These funds may be used to cover capital projects for the repair, renovation, renewal and replacement of existing City facilities as approved by Council.
Duration	Permanent
Interest Bearing	Yes
Relevant Document	N/A

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Financial Stabilization Reserve	
Purpose	To provide funds to stabilize tax rates and protect against fluctuating revenues and expenditures by providing funds for emergent, one-time expenses or losses of revenues.
Funding Source	Allocation of year end operating surpluses, budgeted transfers or any other sources as approved by Council.
Recommended Reserve Level	Minimum balance equal to 5% of annual operating budget requirements, up to a maximum balance equal to two (2) months of annual operating budget requirements. A special resolution of Council (2/3 vote) is required to reduce the balance below the 5% minimum.
Application	These funds may be used to cover unexpected deficits from decreases in revenues or unanticipated expenditures for stabilizing unbudgeted impacts from unanticipated events, stabilize tax rates or other uses as approved by Council.
Duration	Permanent
Interest Bearing	No
Relevant Document	N/A

Fleet Management System Reserve	
Purpose	To provide funds for the replacement of the City's equipment and vehicle fleet.
Funding Source	Annual operating transfer based on the average required to purchase fleet replacements over the next 10-year period, proceeds on sales of fleet equipment or vehicles and any other transfers as approved by Council.
Recommended Reserve Level	Minimum balance equal to the subsequent year's estimated fleet replacement costs.
Application	These funds may be used to cover the capital replacement costs of existing equipment and vehicle fleet as approved by Council.
Duration	Permanent
Interest Bearing	Yes
Relevant Document	N/A

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Future Expenditure Reserve	
Purpose	To provide funds to cover approved capital and operating projects not completed by year end.
Funding Source	Allocation of the unspent portion of the capital or operating projects, previously approved by Council and required in the following year for completion. Operating projects must have started during the year and/or responses from vendors have been received as a result of an RFP, Tender or Quotation request to qualify for transfer. Any surpluses at the completion of the projects will be retained as unallocated and be used for future funding as approved by Council.
Recommended Reserve Level	N/A
Application	These funds may be used to cover approved operating or capital projects that were not started or completed in the year in which they were approved by Council.
Duration	Permanent
Interest Bearing	No
Relevant Document	N/A

Municipal Police Service Reserve	
Purpose	To provide funds for the City's transition to a Municipal Police Service.
Funding Source	Provincial transition funding and any other funding as approved by Council.
Recommended Reserve Level	Based on the Policing Transition Plan.
Application	These funds shall be used for the transition to a Municipal Police Service as outlined in the transition plan.
Duration	Until transition is complete (estimated no later than December 31, 2028).
Interest Bearing	Yes
Relevant Document	Policing Transition Plan

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Pinnacle Ridge Special Tax Reserve	
Purpose	To provide funds for the ongoing operations and maintenance of the Pinnacle Ridge water features.
Funding Source	Funds derived from the levy of a special recreational services tax against the land in the Pinnacle Ridge neighborhood.
Recommended Reserve Level	N/A
Application	Funds may be used for the general repair, maintenance and operations of water features in Pinnacle Ridge.
Duration	Permanent
Interest Bearing	Yes
Relevant Document	Bylaw C-1451

Public Art Reserve	
Purpose	To provide funds for the procurement, display and conservation of public artwork.
Funding Source	Funding consists of approved transfers, community donations or other transfers as approved by Council.
Recommended Reserve Level	N/A
Application	These funds may be used to fund the procurement, display and conservation of public artwork as approved by Council.
Duration	Permanent
Interest Bearing	Yes
Relevant Document	N/A

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Public Housing Reserve	
Purpose	To provide funds for the City's Global Housing Initiative.
Funding Source	Funding consists of proceeds from sales of community housing building and land parcels, funds from agreements with social agencies operating community housing projects, transfers of revenue from developers with regards to reclassification of multi-family sites (Policy 617), or other transfers as approved by Council.
Recommended Reserve Level	N/A
Application	These funds may be used to build housing projects and the purchase of land parcels for the purpose of community housing as approved by Council.
Duration	Permanent
Interest Bearing	Yes
Relevant Document	Policy 617

Public Reserve	
Purpose	To provide funds for the creation and expansion of parks areas within the City.
Funding Source	Amounts paid by developers in lieu of the provision of land for municipal reserves, as well as the proceeds on sales of municipal reserve land or other transfers as approved by Council.
Recommended Reserve Level	N/A
Application	These funds may be used for the creation or expansion of parks or the acquisition of land for the creation or expansion of parks in the City as approved by Council.
Duration	Permanent/Statutory
Interest Bearing	Yes
Relevant Document	Municipal Government Act

Transportation System Levy Reserve	
Purpose	To provide funds for the construction and upgrade of arterial roadways and related land costs.
Funding Source	Offsite levies imposed upon developing lands in accordance with the Transportation Off-Site Levy Bylaw C-1437.
Recommended Reserve Level	N/A
Application	These funds may be used for the construction and expansion costs of arterial roadways including all related appurtenances (i.e. including but not limited to sidewalks on one side, asphalt pathway on the other, street lighting, storm sewers, and traffic signal lights, etc.) to facilitate and maintain adequate infrastructure capacity (Construction of berms and noise attenuation structures are not included). May be used for land for or acquired in relation to the latter.
Duration	Permanent
Interest Bearing	Yes
Relevant Document	Bylaw C-1437