



LAC LA BICHE COUNTY POLICY

TITLE: RESERVE FUNDS	POLICY NO: CS-10-008
RESOLUTION: 10.007	EFFECTIVE DATE: JANUARY 12, 2010
LEAD ROLE: MANAGER, FINANCE	NEXT REVIEW DATE: JULY 13, 2010
SPECIAL NOTES/CROSS REFERENCE: CS-014, CS-12-010	AMENDMENT DATE:

POLICY STATEMENT:

Lac La Biche County recognizes the need to maintain and manage the reserve funds that:

1. minimize the financial exposure of the municipality from unanticipated fluctuations in operating activities,
2. maintain and improve Lac La Biche County’s working capital requirements,
3. provide for future operating and capital requirements, and
4. address the overall current and future initiatives of Lac La Biche County.

Lac La Biche County utilizes financial reserves as vehicles by which the impacts of such exposure can be minimized. Reserves are established to meet specific circumstances that have a reasonable likelihood of being realized. Each reserve has a desired maximum amount based upon the objective for the reserve. The requirement for each reserve and their maximum amounts will be reviewed annually. All reserves, as allocated, will be fully funded. Attached Schedule A details minimums and maximums for each reserve as well as Schedule B provides descriptions and funding triggers for each.

PROCEDURE:

1. Operating Reserves:
 - i. The purpose of maintaining operating reserves is to:
 - a. Meet unexpected operational needs of the County (this may relate to changes in either operating revenues or operating expenditures).
 - b. Smooth out the unpredictable nature of certain expenditures (i.e. weather driven expenditures).
 - ii. Withdrawals from Operating Reserves may be made in the following manner:

- a. Through the annual budget process by Council. Planned budget withdrawals from operating reserves should reflect the purpose for which the reserves have been established.
 - b. Throughout the year as approved by Council. From time to time, the County may be provided with unforeseen opportunities to pursue initiatives for the benefit of the Community for which there may not be a source of funding.
 - c. Through the year-end process if a fiscal year resulted in an operating deficit. The Municipal Government Act requires that any operating deficit must be recovered through adjustments to the municipal operations and/or municipal taxation over a three year period. The availability of reserves provides a cushion against this time requirement. If an operating deficit were to occur, analysis should be completed to determine the cause for the deficit and steps taken to reduce the likelihood of its recurrence.
 - d. Depending on the impact of the withdrawal on the reserve, steps should be taken to replenish to reserve to its desired level over time.
- iii. Additions to Operating Reserves may be made in the following manner:
- a. Through interest earned on investing available reserve funds. When an Operating Reserve has reached its maximum desired level, the account is not required to earn interest. Any return of investment after a reserve has reached its desired level will form part of the County's general revenue.
 - b. Through annual operating surplus. Administration will present to Council a recommendation for the allocation of any surplus.
 - c. Through special appropriation as approved by Council.
- iv. When a reserve's balance exceeds its predetermined desired maximum level, planned withdrawal(s) will be included through the annual budget process to systematically return the excess amount to general operations.

2. Capital Reserves:

- i. The purpose of Capital Reserves is to:
 - a. Establish a systematic method of capital equipment/infrastructure replacements that emphasizes the long-term annual expense of equipment/infrastructure rather than sporadic expenditures for equipment.
 - b. Encourage long-term planning for new capital needs and a systematic method of financing for those needs.
- ii. Withdrawals from Capital Reserves may be made in the following manner:

- a. Through the annual budget approval process by Council. Planned budget withdrawals from Capital Reserves should reflect the purpose and Capital Plans for which the reserves have been established.
 - b. Throughout the year as approved by Council. From time to time, the County may be faced with an unexpended capital need, from which there may not be an alternate source of funding.
- iii. Additions to Capital Reserves may be made in the following manner:
- a. Through interest earned on investing available reserve funds. Capital Reserves are interest bearing reserves.
 - b. Through capital contributions from external third parties (i.e. capital cost share arrangements, proceeds from disposition of existing assets, etc.).
 - c. Through special appropriation as approved by Council. When a reserve's balance exceeds its pre-determined desired maximum level, funding strategies should be reviewed and appropriate planned adjustments made in the following year(s) to restore the account to the desired level.

“Original Signed”
Chief Administrative Officer

January 22, 2010
Date

“Original Signed”
Mayor

January 22, 2010
Date

**LAC LA BICHE COUNTY
RESERVE POLICY
SCHEDULE A**

RESERVE NAME	MINIMUM	MAXIMUM
<u>Operational</u>		
Gravel Inventories	241,000.00	1,200,000.00
Snow & Ice Control	76,000.00	428,000.00
Weather Operations (Oiling & Calcium)	150,000.00	300,000.00
Fire	180,000.00	280,000.00
Landfill Reclamation	150,000.00	1,200,000.00
Emergency Services/Disaster Relief	50,000.00	500,000.00
Plamondon	Per Ministerial Order	
Walking Trails	50,000.00	500,000.00
Oiling	60,000.00	600,000.00
Base Paving - Overlay & Chip Seal	596,000.00	1,596,000.00
Base Paving - General	800,000.00	8,000,000.00
Base Paving - Mission	None	5,085,000.00
Base Paving - Egg Lake	None	2,100,000.00
General Operating	Variable	
Carry Over Projects	Annual Adjustments	
Total Operational Reserves	2,353,000.00	21,789,000.00
<u>Capital</u>		
Equipment Replacement		
Pickups	83,000.00	830,000.00
Heavy Equipment	691,000.00	6,910,000.00
Office Equipment	100,000.00	1,000,000.00
Building Replacement	833,000.00	8,330,000.00
Fire Equipment	150,000.00	1,500,000.00
ASB Equipment	130,000.00	1,300,000.00
Recreational/Multiplex	1,000,000.00	12,000,000.00
Bylaw Equipment	12,000.00	120,000.00
Water & Sewer - Mains	113,000.00	1,130,000.00
Water & Sewer - Expansion	No Minimum or Maximum	
Water & Sewer - Residential Servicing	No Minimum or Maximum	
Offsite Levy		
Plamondon Infrastructure	Per Ministerial Order	
Total Capital Reserves	3,112,000.00	33,120,000.00
Total Reserves	5,465,000.00	54,909,000.00

**LAC LA BICHE COUNTY
RESERVE POLICY
SCHEDULE B**

Reserve Name	Description	Funding/Withdrawal Mechanism	Additional Criteria Notes
<u>Operational</u>			
Gravel Inventories	To offset weather related requirements for road repair	Budget	Budget normal year is 14K yds and highest ever was 70K yds
Weather Operations (Oiling & Calcium)	To offset weather related requirements for road repair	Surplus/Deficit	
Snow & Ice Control	To offset weather related requirements for snow and ice clearing	Surplus/Deficit	Dependant on annual weather conditions
Fire	To offset unexpected obligations for fire control	Surplus/Deficit	
Landfill Reclamation	Landfill cell post closure liability	As Needed	
Emergency Services/Disaster Relief	To offset any disaster related event	As Needed	
Plamondon	Setup through Ministerial Order due to dissolution of Village	Budget	
Walking Trails	To increase trail network in Lac La Biche County	Budget	
Oiling	For necessary road construction or repair in Lac La Biche County	Budget	
Base Paving - Overlay & Chip Seal	For necessary road construction or repair in Lac La Biche County	Budget	
Base Paving - General	For necessary road construction or repair in Lac La Biche County	Budget	
Base Paving - Mission	For necessary road construction or repair of Mission Road	Budget	
Base paving - Egg Lake	For necessary road construction or repair of Egg Lake Road	Budget	
General Operating	For general unbudgeted requirements	As Needed	
Carry Over Projects	To fund projects budgeted in current budget but not completed during budget period	Surplus/Deficit	

LAC LA BICHE COUNTY

**RESERVE POLICY
SCHEDULE B**

Reserve Name	Description	Funding/Withdrawal Mechanism	Additional Criteria Notes
<u>Capital</u>			
Equipment Replacement			
Pickups	For fleet replacement needs	Budget	Worse years additional \$23K required
Heavy Equipment	For large equipment replacement needs	Budget	Worse years additional \$355K required
Office Equipment	For computer and general equipment replacement needs	Budget	
Building Replacement	For Administration, ASB and Fire building replacement need	Budget	
Fire Equipment	For trucks and equipment replacement	Difference from purchase or annual average	
ASB Equipment	For tractors, mowers and rental equipment	Difference from purchase or annual average	
Recreational/Multiplex	For construction of recreational buildings and related projects	Budget	
Bylaw Equipment	For automotive and related equipment replacements	Budget	\$60K every 5 years
Water & Sewer - Mains	For replacement to main network structure	Budget	30 year replacement plan
Water & Sewer - Expansion	For expansion to main network structure	Budget	
Water & Sewer - Residential Servicing	For expansion to existing subdivision network structure	Budget	
Offsite Levy	For amounts collected from offsite levy bylaw		
Plamondon Infrastructure	Setup through Ministerial order due to dissolution of Village	Budget	