

To: Warden and Members of County Council

From: Director of Corporate Services

Reserves Year End Allocations and Policy Review

RECOMMENDATIONS

1. That County Council hereby affirms policy provisions contained in Reserves Policy 6.20 as set out in Attachment 1 to Report No. CS 2021-45 titled “Reserves Year End Allocations and Policy Review”;
2. And further, that County Council hereby approves reserve year end allocations to the respective reserve and reserve fund accounts for future use as identified in Attachment 2 to Report No. CS 2021-45.

REPORT HIGHLIGHTS

- Reserves Policy 6.20 is subject to an annual review to ensure appropriate reserve balances are maintained to fund specified operations and capital projects in accordance with the County’s Long Term Financial Sustainability Plan
- Year end allocations to and from reserves are based on the status of projects previously approved for funding from reserves or from taxation; year end surpluses; and variance from target balances

Implementation Points

Subject to Council’s approval of the recommendations contained in this report, the year end reserve allocations as described and set out in Attachment 2 to this Report will be reflected in 2021 year end financial reports.







Financial Impact

There is no impact on the County’s 2021 budget as a result of carrying over funds collected for capital and/or special projects not completed during the year as they are reserved for future use as reflected in the 2021 forecast. At the time these projects are completed the reserves will provide a source of funding that effectively reduces the annual levy to be collected through tax rates and user fees.

Communications

The policy as amended will be updated in the County’s General Policy Manual and staff will be appropriately informed.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.iii.		5.ii.	

DISCUSSION

Background

Each year department managers are requested to review special project and capital spending which could not be completed in the current year. Under spending related to ongoing operational items is generally not reserved, however where special projects cannot be completed due to lack of time or other uncontrollable circumstances the practice has been to reserve those funds for future use.

An annual review of the Reserves Policy ensures the County maintains the appropriate combination of revenue sources to fund ongoing and future projects without imposing significant tax and user fee fluctuations.

In accordance with Reserves Policy 6.20, transfers to and from reserves and reserve funds not specifically approved in the annual operating and capital budgets require Council’s approval. Without Council’s approval, any funds generated in the year that are not used as a result of incomplete projects will become part of the County’s year end surplus and allocated as outlined in the Reserves Policy 6.20. This has the potential of funds being used for projects and/or programs other than the purpose for which they were collected.

Comments

The Reserve Policy has been reviewed in accordance with the Long Term Financial Sustainability Plan designed to ensure that sufficient funding and resources are provided to meet required service level and infrastructure needs over the long term; and, the County’s Strategic Plan – *A County that thinks ahead and wisely shapes the future through demonstrated commitment to community wellbeing and sustainability.*

In response, the following proposed Reserves Policy 6.20 amendments described below are clearly marked by tracked changes in Attachment 1 Reserves Policy 6.20.

Section 3.2 – Government Funded Reserves

In 2021, the Federal Government announced Bill C-25 which included changing the name of the federal Gas Tax Fund to the Canada Community-Building Fund. The policy is updated to reflect the new name.

The addition of a Safe Restart Agreement reserve, in accordance with the terms of the Safe Restart funding agreement, to be used to fund ongoing pandemic related costs.

Section 3.3 – Program Specific Reserves

The addition of a Broadband Expansion reserve, in accordance with Resolution No. 20 from the December 9, 2020 Council meeting, to fund future broadband expansion projects in underserved areas.

Section 4.2 – Annual Allocations of Operating Surpluses

During County Council's 2018 (with amendment to the General Allocation in 2019) reserves year end allocations and policy review, in an effort to reduce the funding gap in the County's Asset Management Plan, County Council made a commitment to transfer the annual Library surplus to the Library Facilities Reserve in order to meet funding needs for planned capital projects. The Library Facilities Reserve, in consideration with the annual contributions to this reserve, has a sufficient balance to fund capital needs over the 10 year period. The Library's year end operating surplus is proposed to be allocated to the Libraries reserve to further assist with future tax stabilization, starting with the 2021 projected year end surplus.

Schedule "A" – Reserve Policy

Amendments within Schedule "A" to the Reserve Policy are proposed based on the above noted changes and to clarify and expand on uses of some reserves.

Staff have noted that as a result of the pandemic a number of training programs are remaining virtual with costs equal to or in excess of the cost for in-person training. The target balance of the Training reserve is proposed to increase to \$250,000 to account for these potential unknowns to ongoing training needs, as well as an increased need in corporate training to ensure that County staff continue to deliver exceptional services.

Conclusions

This report fulfills the requirements of the County's Reserves Policy for an annual review and authorizes carryover of funds generated for projects and/or special programs not completed in 2021 to the appropriate reserve or reserve fund for future use.

SIGNATURES

Report Author:

Original signed by

Jennifer Lavalley, CPA, CGA
Coordinator of Asset Management

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
Chief Administrative Officer

ATTACHMENTS

Attachment 1 – Reserve Policy 6.20
Attachment 2 – 2021 Year End Reserve Continuity Report