

POLICY MANUAL	Policy No. 1-16
For the United Counties of Stormont, Dundas & Glengarry	Effective Date: September 2008
Subject: Reserve Policy	Department: All Departments

POLICY STATEMENT

This policy sets out the principles and guidelines for the establishment, maintenance and use of reserves and reserve funds under the control of the Corporation of the United Counties of Stormont, Dundas and Glengarry.

APPLICATION

This policy applies to all departments, boards and committees of the United Counties of Stormont, Dundas and Glengarry and all funds under its control.

LEGISLATIVE AUTHORITY

The Municipal Act, S.O. 2001, Section 289(3), as amended, states that in preparing the budget, the upper-tier municipality may provide for such reserves as the upper-tier municipality considers necessary. Reserve Funds are also permitted under Section 417 of the Municipal Act.

PRINCIPLES and GUIDELINES

The Reserve Policy principles and guidelines of the United Counties of Stormont, Dundas and Glengarry are as follows:

- Reserves are a financial management tool that is an essential part of a sound fiscal plan to address long-term objectives and provide budget stability.
- Financial planning with reserves is intended to balance current and future requirements; assist in delivering public services within manageable property tax rates.
- Maintaining reserves will reduce or eliminate the need to incur debt in order to finance costly projects/services.
- Interest income on all reserve balances will be part of the annual operating budget and not allocated to any specific reserve unless it is a requirement of specific external funding.
- This policy will adhere to all applicable Federal and Provincial legislation as required.
- All reserve transactions will be subject to external audit.
- Reserve classification, purpose, target levels, funding and authority are detailed on the attached Schedule A.

United Counties of Stormont, Dundas and Glengarry

Reserve Policy

Schedule A

Stabilization Reserves	
Purpose	To be available to offset very significant impacts that, without funds from a reserve, would be financially damaging to the County. To Protect from unanticipated or one-time expenditure requirements. To address in-year uncontrollable changes in economic conditions, funding or costs.
Target	Working Reserve target = 10% of the year's budgeted gross expenditures Road Winter Mtce Reserve target = 10% of the year's budgeted winter control expenses
Funding	Shortfalls from the target should be funded from annual operating surplus or provision in annual budget in following year(s)
Authority to Access	Council authority required by specific resolution or inclusion in approved budget

Program Specific Reserves	
Purpose	To finance specific projects
Target	Financial plan required for each reserve, reviewed annually during budget discussions
Funding	Based on the project's financial plan or annual project surplus
Authority to Access	Council authority required by specific resolution or inclusion in approved budget. Transactions for funds held for specific external agencies are authorized by that agency and reported to Council, usually during budget discussions

Buildings and Equipment Reserves	
Purpose	To fund uncommon, costly expenses or replacement of assets
Target	Based on lifecycle & costs of assets
Funding	Provision in annual operating budget, allocation from operating surplus or transfer from another reserve
Authority to Access	Council authority required by specific resolution or inclusion in approved budget

Capital Reserves	
Purpose	To reduce spikes in annual budgets and smooth out property tax fluctuations due to capital projects
Target	Based on financial plan of capital programs
Funding	Special funding, provision in annual budget, allocation from operating surplus or transfer from another reserve
Authority to Access	Council authority required by specific resolution or inclusion in approved budget