
TITLE: FINANCIAL - LONG TERM RESERVES

Approved by Council

Date: August 25, 2015

Revised by Council

Date: November 10, 2015

Revised by Council

Date: March 28, 2017

Applicable Provincial Legislation

Municipal Government Act Revised Statutes of Alberta 2000 Chapter M-26 Division 9 Use and Disposal of Reserve Land Section 671.

Policy Statement

The M.D. of Pincher Creek No. 9 shall use reserves to set aside current year's funds (either budgeted or from operating surplus) for expenditure at some point in the future. The use of a capital asset today creates a financial obligation in the future when replacement of the capital asset is required. By setting aside funds into reserves with each year's operating budget, the cost of replacing capital assets is distributed to the tax payers that are actually using the assets.

(1) Reserve Categories

M.D. reserves shall be segregated into either a general or allocated category. Reserves in either category can be operating or capital in nature.

(2) General Reserves

General reserves are non-specific in nature and have no plan as to when the reserve will be used, or on what specific item the funds will be applied to. Funding allocations for these reserves are typically assigned by Council resolution from annual operating surpluses, but may be included in annual operation budgets.

(3) Allocated Reserves

Allocated reserves have a specific purpose, and may in addition have detailed plans showing what individual items the funds are specifically intended to be used for. Funding allocations for these reserves are mostly included in annual operating budget, but may be assigned by Council resolution from annual operating surpluses.

TITLE: FINANCIAL - LONG TERM RESERVES

Approved by Council

Date: August 25, 2015

Revised by Council

Date: November 10, 2015

Revised by Council

Date: March 28, 2017

(4) Use of Reserve Funds

Reserve funds shall only be used when included in the annual operating budget or when a Council resolution has authorized their use.

General Reserves - As General reserves are non-specific in nature, their use is flexible and can be used for items falling outside of their general purpose, but if changes are being contemplated consideration shall be given to the future financial implications if the funds are used elsewhere.

Allocated Reserves – As allocated reserves are specific in nature they shall only be used for their intended purpose unless a Council decision has been made to either not replace the item the reserve was intended for, or give direction specifying how the future replacement of the reserve funds will be accomplished.

(5) Reallocation of Reserve Funds

Reserve funds shall only be reallocated when included in the annual operating budget, or when a Council resolution has authorized their reallocation.

General Reserves – Funds from general reserves can be reallocated to other general or allocated reserves. Before reallocating funds from general reserves consideration shall be given to the future financial implications of reassigning the funds.

Allocated Reserves – Funds assigned to allocated reserves have specific purposes. Before reallocating funds from allocated reserves to something other than the initial intention, consideration shall be given to the future financial implications and liability the MD may face as a result of the reallocation.

(6) Maximum Reserve Levels

Maximum reserve levels shall be set by Council resolution for reserves that Council believes a maximum contribution limit needs to be established. Any maximum reserve levels established shall be included in this policy.

TITLE: FINANCIAL - LONG TERM RESERVES

Approved by Council

Date: August 25, 2015

Revised by Council

Date: November 10, 2015

Revised by Council

Date: March 28, 2017

(7) Reserve Accounts

General and allocated reserves are made up of several accounts that help define the actual use of the reserve. Accounts that are to be created or deleted shall require this policy be revised by Council. The following reserve accounts are to be used by the municipality:

March 28, 2017 changes include:

Replacement of Beaver Mines W/S Infrastructure, Lundbreck W/S Infrastructure, Regional Water Infrastructure and Dam Reserves with Water Infrastructure and Wastewater Infrastructure Reserves
Renamed reserves: Seniors Housing Reserve, Town Recreation Facilities Reserve, Equipment Replacement Reserve

Eliminated reserves: Conservation Reserve, Emergency Services Reserve and Interim Operating Reserve

General Reserve Accounts

Mill Rate Stabilization Reserve

Funds set aside to minimize fluctuations in the mill rate from one year to the next. Typically used to offset effect of significant assessment losses, to create balanced budgets and to fund larger unbudgeted onetime expenses.

Allocated Reserve Accounts

Airport Reserve

Funds set aside for the ongoing repair and replacement of items of a capital nature at the Airport.

Bridge Repair and Replacement Reserve

Funds allocated to future Public Works bridge repair and replacement projects.

Seniors Housing Reserve

Funds specifically allocated for senior housing facilities that the municipality has financial commitments towards. Included organization is the Pincher Creek Foundation.

M.D. OF PINCHER CREEK NO. 9

CORPORATE POLICY

C-FIN-24

TITLE: FINANCIAL - LONG TERM RESERVES

Approved by Council

Date: August 25, 2015

Revised by Council

Date: November 10, 2015

Revised by Council

Date: March 28, 2017

Gravel Reclamation Reserve

Funds set aside for future gravel pit stripping, reclamation and weed control use.

M.D. Building Reserve

Funds specifically allocated to the future replacement of buildings and structures required by the municipality.

Equipment Replacement Reserve

Funds specifically allocated to the future replacement of vehicles and equipment required by the municipality.

Next Year Completions Reserve

Funds that are carried forward from one year to the next for completion of specific projects from the previous year.

Public Reserve Trust

Funds acquired through the subdivision of land process. Provincial legislation is in place that restricts the use of these funds.

Town Recreation Facilities Reserve

Funds specifically allocated for the Town of Pincher Creek's recreation facilities and equipment replacement.

Recycle Equipment Reserve

M.D. funds set aside to fund the M.D.'s portion of recycling equipment that is owned jointly with the Village of Cowley and the Town of Pincher Creek.

Road Construction Reserve

Funds allocated to future Public Works road construction projects.

Water Infrastructure Reserve

Funds specifically allocated to the new construction or the replacement of water infrastructure within the municipality.

TITLE: FINANCIAL - LONG TERM RESERVES

Approved by Council

Date: August 25, 2015

Revised by Council

Date: November 10, 2015

Revised by Council

Date: *March 28, 2017*

Wastewater Infrastructure Reserve

Funds specifically allocated to the new construction or the replacement of wastewater infrastructure within the municipality.

(8) Use of Recreation Reserve

The Town Recreation Facility Reserve is intended to be used for making financial contributions to the Town of Pincher Creek that would go towards Town owned recreation facilities and equipment. Decisions on the use of the reserve should be the results of a specific recreation request from the Town of Pincher Creek. Council will consider all recreation funding requests received from the Town of Pincher Creek, and through a Council resolution direct administration as to how they would like the request dealt with.

The reserve is to be funded on an annual basis at a rate per MD capita. The rate is to be set annually through the budgeting process.