



Subject: *Special Reserves Policy*
To: Corporate & Residential Services Committee
Date Prepared: June 8, 2023
Related Motions: C22(422)
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Approved by: Sue Surrette, CPA, CGA, Director of Finance

Summary

As Council creates new reserves and depletes others, the appendix to the Special Reserves Policy requires updates. Staff are bringing forward this report to amend the Special Reserves Policy for Council consideration.

Financial Impact Statement

There are no financial impacts with this report.

Recommendation

It is recommended that Council adopt the proposed amendments to the Appendix in the Special Reserves Policy.

Recommended Motion

To be considered at the June 20, 2023 Executive Committee Meeting:

Move that the Corporate & Residential Services Committee recommends that Council give notice of intent to approve the amendments to the Special Reserves Policy as attached to the June 20th, 2023 Executive Committee Agenda.

To be considered at the June 28th, 2023 Regular Meeting of Council:

Move that the Corporate & Residential Services Committee recommend that Council approve the amendments to the Special Reserves Policy as attached to the June 20th, 2023 Executive Committee Agenda.

Background

Council approved the Special Reserves Policy in December 2022. Funds are established by setting aside money in special reserves to help offset future financing requirements; when required. These funds are drawn upon to finance capital and operating expenditures as designated by Council. Using reserve funds to minimize tax rate fluctuations is a fundamental component of financial management for East Hants.

There is a legislative requirement to have a separate accounting of reserve fund assets from the general operating funds and capital funds.

TYPES OF RESERVES

- Special Reserves: monies set aside for a specific purpose, both Capital and Operating
- Contingency Reserves: surplus funds set aside for unanticipated expenditures
- Obligatory Reserves: Infrastructure reserves (trunk sewer, water fees and open space)
- Depreciation Reserves: Water Utility

Discussion

Based on Council approved motions and the approved budget the following changes are being recommended to the Appendix:

1. Addition of C015 Sustainable Services Growth Fund (SSGF) fund
2. Removal of G001-f Shubenacadie Water Utility Deficit reserve as this is now complete
3. Addition of G001-g Well & Septic Program
4. Addition of G001-h Active Transportation Initiatives
5. Addition of G001-i Asset Retirement Obligations
6. Addition of G055 Transportation - Traffic Lights
7. Addition of G056 Transportation - Traffic Calming Signs
8. Addition of G057 Transportation - Traffic Calming Tables

STRATEGIC ALIGNMENT

The key strategy of Corporate Excellence outlines an objective to enhance the financial framework that continues to support the long-term sustainability of the Municipality. Documenting the current reserve practices and refining others brings transparency to the reserve setting process and a formality to financial practices in the Municipality.

LEGISLATIVE AUTHORITY

There is a legislative requirement to have a separate accounting of reserve fund assets from the general operating funds and capital funds as outlined in the Municipal Government Act (MGA) Section 99 and the Municipal Financial Reporting & Accounting Manual (FRAM).

Alternatives

Council may:

1. Give staff direction on other possible considerations.

Attachments

Amended Special Reserves Policy