



**City of
Lloydminster**

Policy

Policy Title:	Municipal Stabilization Reserve Policy	Policy Number:	017-2017		
Date of Council Approval:	March 27, 2017	Motion No.:	98-2017	Year of Review:	2018
Department Sponsored by:	Finance				

Purpose: To set aside funding for unanticipated operational expenses in order to maintain established service levels and prevent undue pressure or fluctuation on property tax rates.

Objective: This policy will assist the City in ensuring it is able to address future unanticipated operation expenses and that funds are available to address operating needs.

Definitions:

Surplus	The excess of revenue over expenses.
Deficit	The excess of expenses over revenues.
Reserve	Reserve is an appropriation from net revenue at the discretion of the Council, after provision for all known expenditures.
Unanticipated Operational Expense	An expense which has not been budgeted for in the current fiscal year, and if not addressed may significantly impact the health, safety, financial or physical wellbeing of the community or its residents.

Scope: This Policy applies to the allocation of the City’s annual unconsolidated Surplus.

Policy Instructions:

The amount transferred to the Municipal Stabilization Reserve will be reviewed on an annual basis once the audited financial statements are complete. Administration will

recommend the amount to be transferred to the Municipal Stabilization Reserve after cash flow requirements of the current year have been considered. Council will approve the amount transferred to the Reserve each year. Administration will request Council approval prior to the transfer of funds from this reserve either through regularly scheduled Council meetings or in a special Council meeting.

Funds transferred from the Municipal Stabilization Reserve to cover current year operating expenses cannot exceed the balance in the Reserve.

To the extent that a one-time expenditure is identified as part of the budgeting process, a transfer from the Reserve will be included with the annual operating budget and approved by Council.

Source of Funding:

- a) Any portion of year-end general operating surplus (excluding surpluses generated from contributed assets) after all transfers have been completed.
- b) Substantial unbudgeted sources of revenue.
- c) Interest earned on the Reserve balance.
- d) Supplementary tax revenue.

Reserve Balance:

The target balance of this Reserve will be 7.5% of the current year's budgeted operating requirements. If funds in the reserve exceed the targeted balance, the excess funds can be transferred to another operating or capital Reserve at Council's discretion and direction.

Application:

To the extent that funds are available in the Reserve, funds will be used to cover operating shortfalls resulting from unanticipated operational expenses or emergency events. Examples include, but are not limited to: fluctuating interest rates, declines in revenues, increased utility costs, special projects or other items that would create an overall Deficit in municipal operations.

Responsibility:

City Council will review and approve all policies.

City Administration will administer the policy through the use of a supporting procedure.

Finance Department is responsible for creating and amending a supporting procedure.