



City of Lloydminster

Policy

Policy Title:	Reserves Policy	Policy Number:	134-04
Date of Adoption:	September 23, 2019	Motion Number:	251-2019
Date of Amendment:	December 12, 2022	Motion Number:	470-2022
Sponsoring Department:	Finance		

1. Purpose:

- 1.1. To provide a safeguard and assist with long term financial stability and financial planning.
- 1.2. To outline the goals and objectives related to the City's Reserves.
- 1.3. To ensure financial resources are available to maintain a viable and sustainable community.

2. Objective:

- 2.1. Reserves shall be established and expanded to:
 - 2.1.1. ensure stable and predictable tax levies;
 - 2.1.2. provide for operating emergencies;
 - 2.1.3. finance new Tangible Capital Assets; and
 - 2.1.4. support the replacement of Existing Tangible Capital Assets.

3. Definitions:

Administration	An employee or contract employee of the City of Lloydminster.
City	The corporation of the City of Lloydminster.
Council	The municipal Council of the City of Lloydminster.
Member of Council	An individual elected pursuant to <i>The Local Government Election Act (Saskatchewan)</i> as a Member of Council.
Tangible Capital Asset (TCA)	A key component in the delivery of municipal services. Property, plant, or equipment of physical substance that meet the following criteria: <ul style="list-style-type: none"> • be held for use in the production or supply of goods and services, • have a useful economic life extending beyond one year, • is used on a continuing basis, and • is not for sale in the ordinary course of operations.

4. Scope:

4.1. This policy applies to all Members of Council and Administration.

5. Guiding Principles:

5.1. Reserve Creation or Amendment

5.1.1. The creation of a new Reserve or amendment of an existing Reserve must be authorized by City Council.

5.1.2. City Reserves are outlined in Appendix "A" of this Policy, and subject to Council changes and amendments.

5.2. Closure

5.2.1. The closure of an existing Reserve that has depleted its funds and Administration identifies it is no longer necessary can be closed.

5.3. Reserve Transaction

5.3.1. All Reserve transactions shall be authorized by City Council in any of the following forms:

- i. the annual Operating or Capital budget;
- ii. separate budget amendments; or
- iii. by Council resolution.

5.3.2. The City Manager Contingency Reserve shall be exempt from Section 5.3.

5.4. Reserves are at the discretion of Council, often as part of an overall strategy for funding programs or projects.

5.5. Reserves are segregated and restricted for specific purposes. In the City, a further distinction is made between Restricted and Unrestricted Reserves.

5.5.1. Restricted Reserve Funds are established by provincial or municipal legislation and can only be used for their prescribed purposes.

5.5.2. Unrestricted Reserves are established, based on Council's direction to fund current or future expenditures for which the City has the authority to spend money or to provide for a specific purpose. Unrestricted Reserve Funds can be further established to assist in funding operational requirements or capital replacements/long term capital programs or for other special purposes.

- 5.6. Reserves are generally used as a funding source to mitigate the impact of fluctuations in operating costs and revenue reductions over multiple budget cycles. Reserves help to eliminate fluctuating taxation rates resulting in a more horizontal tax rate with an incline for inflation.
- 5.7. Reserves do not typically earn interest unless it is established to earn interest by Council, a legal obligation, or legislated requirement.
- 5.8. Sponsorship and Advertisement Funds received will be allocated in accordance with the [Sponsorship and Advertising Policy](#).
- 5.9. Operational Reserves may have a targeted optimal balance based on 10% of the most current approved operating budget. Other Reserves may have a targeted optimal balance based on its intended purpose.

6. General Criteria:

- 6.1. Reserves shall be established, maintained, and used in accordance with the following general criteria:
 - 6.1.1. shall meet statutory and legislative requirements, City bylaws, policies, or Council direction; and
 - 6.1.2. shall meet accounting standards and must meet generally accepted accounting principles.

7. Policy Administration:

- 7.1. The Chief Financial Officer shall be responsible for:
 - 7.1.1. ensuring compliance with this policy;
 - 7.1.2. ensuring that the Reserves are established and maintained;
 - 7.1.3. conducting an annual review of the Reserves and report annually in the Audited Financial Statements;
 - 7.1.4. on an "as required basis", recommend revisions or amendments to this Policy due to changes in applicable statutes, accounting standards or economy;
 - 7.1.5. ensuring allocations of Reserves, with the exception of the City Manager's Reserve, are supported in the adopted budget or by Council resolution;
 - 7.1.6. monitor the Optimal balance for continued contributions;
 - 7.1.7. monitoring that budgeted transfers to Capital Reserves correspond with the future capital expenditures identified in the 10-year capital plan; and
 - 7.1.8. presenting the annual year-end surplus allocation proposal from the City Manager and the Executive Leadership Team to Council for approval subsequent to the capital carry forward allocations being approved by Council.

- 7.2. Any remaining surplus balances shall be forwarded to related departments' operating or capital Reserve unless otherwise allocated by Executive Leadership Team or by Council.
- 7.3. In the event a department is in a deficit position, a draw from Reserves may be proposed to address the deficit.
- 7.4. The total amount of Reserves will be monitored on a quarterly basis to verify that Reserves are funded, and that the cash and investments are greater than the total Reserve balance.

8. Penalty:

- 8.1. Any staff member found to be in violation of this policy may be subjected to a disciplinary action. Such action may be dependent upon the nature of the breach of this policy; discipline may range from a verbal warning to dismissal with cause.
- 8.2. Any Member of Council found to be in violation of this policy may be dealt with utilizing the "*Code of Conduct Bylaw*" or provisions of "*The Lloydminster Charter*."

9. Responsibility:

- 9.1. City Council shall review and approve all policies.
- 9.2. City Administration shall administer the policy through the use of a supporting procedure.
- 9.3. Sponsoring Department is responsible for creating and amending a supporting procedure.

Appendix "A"

Restricted Reserves	Description	
OPERATING RESERVES		
BID (Business Improvement District)	Funds designated from BID Levy to be used for the downtown district.	
CAPITAL RESERVES		
Offsites – Roads	Funds designated as per the Offsite Levy Bylaw .	
Offsites – Stormwater	Funds designated as per the Offsite Levy Bylaw .	
Offsites – Water	Funds designated as per the Offsite Levy Bylaw .	
Offsites – Wastewater	Funds designated as per the Offsite Levy Bylaw .	
Money in Place of Municipal Reserve	Funds designated in accordance with Part 17 of the MGA 666(1)(b).	
Subdivision Prepaid Improvements	Funds designated in accordance with Part 17 of the MGA 650(1).	
Unrestricted Reserves	Description	Targeted Optimal Balance
OPERATING RESERVES		
General Government	Funds designated for Operating expenditures.	10% of Budget
Protective Services	Funds designated for Operating expenditures.	10% of Budget
Transportation Services	Funds designated for Operating expenditures.	10% of Budget
Environmental Services	Funds designated for Operating expenditures.	10% of Budget
Social Services/Cemetery	Funds designated for Operating expenditures.	10% of Budget
Planning, Development & Economic Development	Funds designated for Operating expenditures.	10% of Budget
Recreation, Culture & Parks	Funds designated for Operating expenditures.	10% of Budget
CAPITAL RESERVES		
General Government	Funds designated for Capital expenditures.	n/a
Protective Services	Funds designated for Capital expenditures.	n/a
Transportation Services	Funds designated for Capital expenditures.	n/a
Environmental Services	Funds designated for Capital expenditures.	n/a
Social Services/Cemetery	Funds designated for Capital expenditures.	n/a
Planning, Development & Economic Development	Funds designated for Capital expenditures.	n/a
Recreation, Culture & Parks	Funds designated for Capital expenditures.	n/a

Unrestricted Reserves	Description	Targeted Optimal Balance
OTHER RESERVES		
Innovation	Funds designated to explore innovative and creative solutions by Administration toward City efficiencies through a proposal to the City Manager and the Executive Leadership Team.	\$250,000
Resiliency	Funds designated for extraordinary and unforeseen expenditure requirements, one-time expenditures, Emergency, revenue shortfalls, to minimize fluctuations on the general tax levy and to manage cashflows.	10% of the annual municipal taxation levy excluding the seamless levy
City Manager Contingency	Established for time sensitive situations. This reserve will not require Council approval for withdrawal. The Reserve will be replenished by end of each year, or as approved by Council.	Purchasing threshold for City Manager
Safety Initiative	Funds designated as per the Automated Photo Enforcement Policy .	n/a
Equipment Fleet	Funds designated for the replacement of Fleet equipment.	n/a
Road Infrastructure	Funds designated for Road infrastructure.	n/a
Stormwater	Funds designated for Stormwater infrastructure.	n/a
Sale of City Land and Building	Established to account for proceeds from any sale of City land and building established for resale purposes.	n/a
Special Events	Funds designated for attracting or holding special community events.	\$500,000
Major Capital - Arena	Funds designated for the Lloydminster Place arena project.	n/a
Public Art	Funds designated as per the Public Art Policy .	n/a
Lloydminster Museum & Archives	Funds designated for the replacement of the Lloydminster Museum and Archive building.	n/a