



# REGIONAL DISTRICT of Fraser-Fort George

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## REPORT FOR CONSIDERATION

TO: Chair and Directors

FROM: Sarah White, General Manager of Financial Services

DATE: July 8, 2024

SUBJECT: Reserve Fund - Annual Update

SUMMARY: Purpose: For Consideration

File No.: POL 2.0

Attachments:

1. Reserve Summary at December 31, 2023
2. RD-22-21 Reserve Fund Policy
3. Backgrounder
4. Amended Policy RD-22-21 Reserve Fund Policy

Previous Reports:

1. Item No. 9.2.1, September 2021
2. Item No. 10.2.2, June 2022
3. Item No. 11.2.2, July 2023

**RECOMMENDATION(S):**

1. THAT the report dated July 8, 2024 regarding “Reserve Fund - Annual Update” be received for information.
2. THAT amended Policy RD-22-21 Reserve Fund Policy, as attached to the report dated July 8, 2024, be approved.

ENTITLEMENT	HOW VOTE COUNTED
All 1 Director/1 vote	Majority
All 1 Director/1 vote	Majority

**ISSUE(S):**

In September 2021, Board approved Policy RD-22-21 Reserve Fund Policy (the “Policy”).

This report is to provide an annual update to the Board in accordance with the requirement in the Policy.

The Backgrounder attached to this report contains further details regarding the annual update.

The information provided in the Backgrounder is based on information available as of December 31, 2023.

The policy has been amended to reflect the following minor changes:

- addition of the Growing Communities Fund (CWF) Reserves that were received from the Province of British Columbia in 2023
- Operating Reserve funds for Utility (Water/Sewer) Services included a minimum level of two months of regular operating expenditures, rounded to the nearest higher \$1,000 or \$25,000 whichever is greater.
- Operating Reserve Fund Exemptions for 1201 Administration, 4004 House Numbering and 6206 Dome Creek/Crescent Spur Telephone were removed
- an update to the current special purpose reserve funds listing
- clarity of the tangible capital asset categories with reference to internal policy RD-10-15 Tangible Capital Asset Accounting and Budgeting Policy.

The Board is being asked to consider approving the changes to the RD-22-21 Reserve Fund Policy.

### RELEVANT POLICIES:

1. *Community Charter*, Section 188
  - A Board may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.
2. *Community Charter*, Section 189
  - Subject to this section, money in a reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established.
3. *Local Government Act*, Section 373 (2)
  - The regional district financial officer must keep separate financial records for each service that include full particulars of assets and liabilities, revenues and expenditures, information concerning reserve funds and other pertinent financial details.
4. RD-22-21 Reserve Fund Policy
  - Framework for reserve fund management.

### STRATEGIC ALIGNMENT:

- Climate Action     
  Economic Health     
  Indigenous Relations     
  Strong Communities  
 None – Statutory or Routine Business

### SERVICE RELEVANCE:

Financial Services is responsible for the management of reserve funds held by all service areas of the Regional District.

### FINANCIAL CONSIDERATION(S):

Reserve balances are utilized to fund expenses throughout the year based on approved usage of reserves in each service area's annual approved budget. Investment income earned by the Regional District's investment portfolio is attributed to the reserve balances that comprise the Regional District's investment portfolio on a monthly basis.

### OTHER CONSIDERATION(S):

N/A

### DECISION OPTIONS:

1. Approve recommendation.
  - The Regional District's Reserve Policy RD-22-21 will be amended.

#### Other Options:

- a. Do not approve recommendations:
  - The amended Reserve Policy will not be implemented.
- b. Postpone decision if further information is required.

### COMMENTS:

In accordance with Policy RD-22-21 Reserve Fund Policy, this report is being provided as an update on the Regional District's reserve funds.

Approval of the policy amendments to the Regional District's Reserve Policy RD-22-21 will update the Policy to reflect current reserve fund information.

Respectfully submitted,

***“Sarah White”***

Sarah White  
General Manager of Financial Services

SW:bl

**REGIONAL DISTRICT OF FRASER-FORT GEORGE**  
**RESERVE FUNDS**  
**BALANCES AS OF DECEMBER 31, 2023**

**1. OPERATING RESERVE FUNDS**

These reserves are established at the request of a department head to fund special projects or meet future funding requirements.

Function	Balance	Asset Management Reserve
Board	131,863.61	
Bear Lake Commission	107,650.65	
Community Services	350,160.67	111,734.83
Electoral Area Admin.	249,526.36	
Finance	692,634.15	
Finance - Software Reserve	320,821.04	
Sustainable Practices	113,927.27	
Corporate Services	738,527.08	
Building	31,343.55	
Human Resources	215,316.32	
Network	469,365.76	
Untidy & Unsightly	60,279.67	
Special Events	3,148.78	
Bear Lake Fire Protection	270,059.13	
Buckhorn Fire Protection	98,549.59	2,690.24
Pineview Fire Protection	236,936.40	14,299.23
Valemount & Dist Fire Protection	122,746.31	3,296.28
Beverly Fire Protection	540,924.86	14,142.52
McBride & District Fire Protection	379,758.10	
Ferndale/Tabor Fire Protection	309,533.31	5,087.44
Hixon Fire Protection	105,007.95	
Salmon Valley Fire Protection	144,848.36	
Ness lake Fire Protection	123,219.90	5,087.44
Red Rock/Stoner Fire Protection	254,028.89	3,667.02
Shell-Glen Fire/Rescue Protection	141,565.10	
Pilot Mountain Fire Protection	139,323.97	
Chilako/Nechako Rescue Service	223,584.77	
Area D Rescue Service	569,951.84	71,960.82
9-1-1 Emergency Response Service	583,737.91	20,000.00
NG 9-1-1 Operating Reserve	1,522,500.00	
Fire Dept. Coordination	161,211.02	
Emergency Preparedness	119,809.25	
Valemount & Dist Rescue	142,074.12	10,368.01
Inspection Services	405,231.31	
Bear Lake Street Lighting	1,413.57	
Hixon Street Lighting	8,382.41	
Pineview Street Lighting	16,692.41	
Red Rock Street Lighting	4,388.38	
Buckhorn Street Lighting	10,328.31	
Willow River Street Lighting	3,050.86	
Shelley Street Lighting	2,182.21	
McLeod Lake Street Lighting	1,531.76	
Syms Road Street Lighting	274.32	
Solid Waste Mgmt	2,133,553.61	
Rural Transfer Stations	431,257.59	
Waste Reduction Services	204,687.94	
Foothills Boulevard Landfill	-	
Bear Lake Ambulance	30,928.92	
Regional Land Use Planning	915,915.19	
Economic Development	310,193.43	
House Numbering	24,654.75	
Regional Parks	171,021.38	
Robson Valley Rec. Centre	521,773.21	
Nukko Lake Comm Hall	21,005.94	
Sinclair Mills Comm. Hall	58,756.77	
Bear Lake Rec Facilities	85,978.95	
Canoe Valley Rec. Centre	397,851.56	
Reid Lake Comm Hall	14,441.64	

Tete Jaune Hall	23,048.86	
Dome Creek Rec Facility	14,887.60	
East Line Comm Facilities	41,739.93	
Robson Valley Learning & Exploration	154,127.59	50,297.49
RVCC - Acoustics	-	
Miworth Community Facilities	1,500.00	
Heritage Conservation	46,953.23	
Dome Creek Telephone	118,450.80	
Shelley Riverbank	20,830.80	1,031.15
Bear Lake-Board of Trustees	59,077.01	
Tete Jaune Cemetery-Board of Trustees	31,775.59	
Bear Lake Water	25,247.68	
Azu Water	197,315.86	
Tabor Lake Sewer	61,725.71	
Buckhorn Sewer	100,724.07	25,934.42
Bendixon Sewer	43,965.05	
West Lake Sewer	67,959.17	
Adams Rd Sewer	111,898.57	
Tallus Rd Sewer	108,289.16	
PG Treaty Advisory Committee	5,935.54	
	<b>\$ 16,684,884.33</b>	<b>339,596.89</b>

## 2. CAPITAL EQUIPMENT RESERVE FUNDS

A statutory reserve fund established to meet the costs of future capital works and in particular the renewal and improvement of machinery and equipment (Bylaws No. 239, 1975 and 454, 1980).

Function	Capital	Truck Replacement	TOTAL
Board	88,057.57		88,057.57
Bear Lake Commission	32,730.43		32,730.43
General Administration	29,708.06		29,708.06
Community Services	58,055.52		58,055.52
Finance	103,168.62		103,168.62
Corporate Services	237,279.56		237,279.56
Office Building - George Street	88,188.41		88,188.41
Network	181,659.19		181,659.19
Untidy & Unsightly	24,520.88		24,520.88
Bear Lake VFD	22,847.94	575,349.21	598,197.15
Buckhorn VFD	63,718.62	800,769.46	864,488.08
Pineview VFD	47,641.60	335,775.14	383,416.74
Valemount VFD	74,723.24	228,327.84	303,051.08
Beaverly Fire/Rescue		461,471.23	461,471.23
McBride VFD	155,135.73	221,299.36	376,435.09
Ferndale Tabor VFD	11,467.59	240,179.13	251,646.72
Hixon VFD	-	129,987.44	129,987.44
Salmon Valley VFD	73,002.96	510,808.44	583,811.40
Ness Lake VFD	26,888.88	373,034.33	399,923.21
Red Rock Stoner VFD	61,834.01	587,463.78	649,297.79
Shell/Glen VFD	-	124,911.53	124,911.53
Pilot Mtn. VFD	68,306.88	31,868.87	100,175.75
Chilako/Nechako Rescue	-	538,069.62	538,069.62
Area D Rescue	32,131.65	722,846.12	754,977.77
9-1-1 Emergency Resp.	808,464.85		808,464.85
Fire Department Coord. Serv.	37,300.88		37,300.88
Emergency Preparedness Service	10,954.66		10,954.66
Valemount & Dist. Rescue Srv.	85,733.29	214,703.13	300,436.42
Inspection Services	148,883.02		148,883.02
Sewer Services - Holding Tank	190,620.75		190,620.75
Pineview Street Lighting	22,358.58		22,358.58
Buckhorn Street Light.	16,906.63		16,906.63
McLeod Lake Street Light.	13,253.21		13,253.21
Environmental Services	498,823.23		498,823.23
Bear Lake Cemetery	526.75		526.75
Bear Lake Ambulance	181,440.92		181,440.92
Regional Land Use Planning	70,967.33		70,967.33
Parks	196,362.79		196,362.79
Robson Valley Rec. Center	117,002.21	46,642.58	163,644.79
Sinclair Mills Comm. Hall	12,718.95		12,718.95

Bear Lake Rec. Facilities	24,558.57		24,558.57
Canoe Valley Rec. Center	46,185.58	29,477.43	75,663.01
Robson Valley/Canoe-Library	2,813.47		2,813.47
FOCC - 911	2,211.13		2,211.13
FOCC Backup BCP	5,820.52		5,820.52
Bear Lake Water Utility	356,605.10		356,605.10
Azu Water Utility	169,723.81		169,723.81
Tabor Lake Sewer	46,094.91		46,094.91
Buckhorn Sewer	55,173.62		55,173.62
Bendixon Sewer	22,158.87		22,158.87
West Lake Sewer	93,247.35		93,247.35
Adams Road Sewer	177,957.41		177,957.41
Tallus Road Sewer	86,200.85		86,200.85
	<b>\$ 4,982,136.58</b>	<b>\$ 6,172,984.64</b>	<b>\$ 11,155,121.22</b>

### 3. PARK DEVELOPMENT RESERVE FUND

A statutory reserve fund established to meet the cost of the acquisition, improvement and development of the Regional District Regional Parks (Bylaw 253, 1976). It is Board policy to maintain this fund at a minimum balance of \$100,000 to \$125,000.

Function	Balance
Regional Parks	<b>\$ 976,393.69</b>

### 4. LANDFILL CLOSURE RESERVE FUNDS

This reserve was established in 1998 to provide funding to meet the requirements of the Waste Management Act regarding the future closure and monitoring of Regional District landfill sites. This is a statutory reserve fund requiring a bylaw to authorize any removal of funds from the reserve (Bylaw 1793, 1998).

Site	Balance
Foothills	19,954,888.26
Mackenzie	4,666,755.04
Landfill Post Closure	4,707,898.09
Rural Landfill Closure	5,132,231.12
	<b>\$ 34,461,772.51</b>

### 5. FEASIBILITY STUDIES RESERVE FUND

A statutory reserve fund established to meet the cost of undertaking feasibility studies (Bylaw 20, 1969).

Function	Balance
Feasibility Studies (uncommitted)	<b>\$ 169,398.57</b>

### 6. OFFICE ACCOMMODATION RESERVE FUND

A statutory reserve fund established to meet the cost of the acquisition, improvement, finishing, equipping or furnishing of office accommodation for the Regional District (Bylaw 239, 1975).

Function	Balance
RDFFG Office	<b>\$ 1,194,729.02</b>

### 7. PARK LAND ACQUISITION RESERVE FUNDS

A statutory reserve fund set up after the establishment of the Community Parks function to track the money received in lieu of land when new subdivisions are set up (Bylaw 1010, 1988).

Function	Balance
Area A	16,825.85
Area C	71,289.86

Area D	10,903.50
Area E	1,321.46
Area G	4,937.36
Area H	5,240.71
	<b>\$ 110,518.74</b>

#### 8. REGION-WIDE FIRE PROTECTION RESERVE FUNDS

Reserve funds established to meet the cost of capital, training or other expenses providing a region-wide benefit for the fire protection services of the Regional District. Expenditures are recommended by the Central Interior Fire Chiefs Association and authorized by Board Resolution (Bylaw 2175, 2004).

Function	Balance
Region-Wide Fire Protection	32,941.96
Response and Recovery	94,933.10
	<b>\$ 127,875.06</b>

#### 9. SPECIAL PURPOSE RESERVE FUNDS

These are committed funds set aside for specific projects, such as grant funding or other monies received not yet applied, which are being maintained in separate accounts.

Special Purpose Fund	Balance
Admin - Ph II Cultural Plan	29,921.77
Admin - Climate Action	238,285.68
Admin - Benefits	20,897.30
Admin - Insurance	124,907.85
Tabor Weir	53,031.61
Network Copier Reserve	23,192.17
Community Works Fund	3,685,989.19
M.I.A.B.C. Dividend	123,757.60
Strategic Community Investment Fund (SCIF)	309,131.74
UBCM - Wildfire Protection	88,885.58
Remediation Reserve	290,108.38
Fire/Life Safety House	15,184.09
Fee Reduction Reserve	306,289.45
C. Winther Park	5,711.49
RVRC Recreation Equipment Reserve	10,669.61
CVRC Recreation Equipment Reserve	10,669.61
P.G. Library Outreach	1,092.66
Budget Stabilization	933,785.42
Exploration Place Capital	138,216.08
Cultural Plan Endowment Fund	1,549,291.11
	<b>\$ 7,959,018.39</b>

#### 10. NORTHERN CAPITAL PLANNING GRANT RESERVE FUNDS

A special purpose reserve fund created for allocations to individual services in response to the receipt of Northern Capital and Planning Grant funds in 2019 and 2020 to assist the Regional District with funding capital expenditures and planning related expenditures.

Function	Balance
Bear Lake Cemetery - Board of Trustees	10,948.75
Tete Jaune Cemetery - Board of Trustees	10,948.75
Bear Lake Water System	84,751.01
Azu Water System	84,751.01
Tabor Lake Sewer System	136,440.35
Buckhorn Community Sewer	10,682.46
Bendixon Road Community Sewer	54,324.98
West Lake Community Sewer	54,324.98
Adams Road Sewer System	54,324.98
General Administration	365,897.07
NCPG 2020 Funding Grant	1,798.65
Community Services	43,515.79
Sustainable Practices	532,701.50

Bear Lake Fire Protection	48,990.10
Buckhorn Fire Protection	48,990.10
Pineview Fire Protection	48,990.10
Valemount & District Fire Protection	48,990.10
Beaverly Fire Protection	48,990.10
McBride & District Fire Protection	48,990.10
Ferndale/Tabor Fire Protection	48,990.11
Hixon Fire Protection	48,990.11
Salmon Valley Fire Protection	48,990.11
Ness Lake Fire Protection	48,990.11
Red Rock/Stoner Fire Protection	48,990.11
Shell-Glen Fire Protection	48,990.11
Pilot Mountain Fire Protection	48,990.11
9-1-1 Emergency Response Service	125,737.62
Sewage Service-Holding Tanks	117,613.52
Solid Waste Management	361,307.66
Regional Parks	494,556.00
Robson Valley Recreation Centre	217,363.17
Nukko Lake Community Hall	38,041.43
Sinclair Mills Community Hall	38,041.43
Bear lake Recreation Facilities	38,041.43
Canoe Valley Recreation Center	482,840.94
Reid Lake Community Hall	48,072.10
Tete Jaune Community Hall	38,041.43
Dome Creek Recreation Facility	38,041.43
East Line Community Facilities Service	38,041.43
Robson Valley Exploration & Learning	38,041.43
Heritage Conservation	435,157.81
	<b>\$ 4,631,220.48</b>

## 11. GROWING COMMUNITIES FUND

A special purpose reserve fund created for allocations to individual services in response to the receipt of Growing Communities Fund grant funding in 2023. This fund supports local governments in addressing the multiple funding and financial constraints to aid in the construction of infrastructure and amenities for all BC communities.

Community Services	514,233.29
Office Building - George Street	565,656.57
9-1-1 Emergency Response Service	894,765.96
Emergency Preparedness	202,591.72
Robson Valley Recreation Centre	257,116.65
Canoe Valley Recreation Center	257,116.65
Bear Lake Water Utility	44,224.07
Azu Water Utility	44,224.07
Bear Lake VFD	51,423.33
Buckhorn VFD	51,423.33
Pineview VFD	51,423.33
Valemount VFD	51,423.33
Beaverly Fire/Rescue	51,423.33
McBride VFD	179,981.66
Ferndale Tabor VFD	51,423.33
Hixon VFD	51,423.33
Salmon Valley VFD	51,423.33
Ness Lake VFD	51,423.33
Red Rock Stoner VFD	51,423.33
Shell/Glen VFD	51,423.33
Pilot Mtn. VFD	51,423.33
	<b>\$ 3,576,990.60</b>
	<b>\$ 81,387,519.50</b>

A note regarding reserve funds for regional districts.....

Reserve funds are established for individual services, each of which is funded by the participants of that particular service area. As required by the *Local Government Act*, the accounting for each reserve fund must be kept separate, and funding from one reserve fund cannot be transferred to another reserve.



**No.:** RD-22-21

**Date Approved:** September 23, 2021

**Name:** Reserve Fund Policy

<b>Purpose:</b>	To provide guidance on the development, maintenance and use of financial reserve funds in support of sustainable budgeting and financial management practices.
<b>Authority:</b>	<p>Section 188 <i>Community Charter</i> – Establishment of Reserve Funds</p> <p>A Board may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.</p> <p>If a local government receives money for a specific application outlined in this section, the Board must establish a reserve fund for the applicable purpose.</p> <p>Section 189 <i>Community Charter</i> – Use of Money in Reserve Funds</p> <p>Money in a reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established. If money from one reserve fund is used for the purposes of another reserve fund, the local government must repay to the first reserve fund, no later than the time when the money is needed for the purposes of that reserve fund, the amount used and an amount equivalent to the interest that would have been earned on the amount used had it remained in the first reserve fund.</p>
<b>Scope:</b>	This policy applies to all reserve funds held by the Regional District.

**Definitions:**

<b>“Asset Management Reserve Funds”</b>	<b>means</b>	committed funds set aside to fund the maintenance, renewal and decommissioning of tangible capital assets held within each Service area.
<b>“Budget Manager”</b>	<b>means</b>	the Regional District manager responsible for the preparation and oversight of a Service area budget.
<b>“Capital Reserve Funds”</b>	<b>means</b>	funds set aside in a capital reserve fund and these funds must only be utilized for capital projects as defined in the Tangible Capital Asset Policy.
<b>“General Manager of Financial Services”</b>	<b>means</b>	the statutory financial officer of the Regional District under Section 237 of the <i>Local Government Act</i> or delegate.
<b>“Northern Capital and Planning Grant (NCPG) Reserve Funds”</b>	<b>means</b>	committed funds set aside from the allocations of NCPG funds received from the Province of British Columbia in 2019 and 2020. These funds have been allocated to various individual services to fund specific capital and planning projects.

**Expiry Date:** September 01, 2022

**Review Date:** Annually

<b>“Operating Reserves”</b>	<b>means</b>	unappropriated surplus funds for Services administered by the Regional District that have been placed into a reserve fund for operating expenditures.
<b>“Regional District”</b>	<b>means</b>	the Regional District of Fraser-Fort George.
<b>“Special Purpose Reserve Funds”</b>	<b>means</b>	committed funds set aside for specific projects (non-statutory), such as grant funding or other monies received but not yet applied, which are being maintained in separate reserve accounts.
<b>“Statutory Reserve Funds”</b>	<b>means</b>	funds set aside for a specified statutory purpose. These funds are established via bylaw and must be utilized as outlined in the bylaw.
<b>“Unappropriated Surplus”</b>	<b>means</b>	accumulated surplus built up in the Regional District’s various operating funds that has not been designated for specific uses.

**Policy:**

Reserve funds held by the Regional District will be developed, maintained and used in support of sustainable budgeting and financial management practices.

**General:**

The Regional District will endeavour to maintain adequate levels of reserve fund balances to mitigate current and future financial risks and facilitate stable requisition rates. The following guiding principles form the basis of this Policy:

- Sufficient reserve funds are important in achieving financial health and stability for the Regional District.
- Reserve goals need to be consistent with, and supportive of, established long-term financial plans.

Reserve fund management needs to conform to the statutory and legal requirements of the *Local Government Act* and the *Community Charter*, Generally Accepted Accounting Principles (GAAP) and Public Sector Accounting Board (PSAB) recommendations.

**Reserve Administration:**

The administration of reserves is a joint responsibility between the Budget Manager and the General Manager of Financial Services.

**Overall Responsibilities:**

The Budget Manager will:

- Request creation of new reserve accounts from the General Manager of Financial Services.
- Request changes (i.e. transfers, expenditure, and name changes) to reserve accounts from the General Manager of Financial Services.
- Monitor reserve balances relating to the Budget Manager’s Service area(s) and ensure permitted usage and minimum and maximum levels are adhered to.
- Complete responsibilities outlined in each reserve fund section in Appendix “A”.

The General Manager of Financial Services will:

- Invest reserve amounts appropriately according to the Regional District Investment Policy RD-14-19 and ensure interest is allocated to the reserves on a monthly basis.
- Provide information to the board regarding number, type, and balance of reserves on an annual update basis.
- Consider and approve creation of new reserve accounts when requested by the Budget Manager.
- Consider and approve changes to reserve accounts when requested by the Budget Manager.
- Make a reserve report available to Budget Managers on a quarterly basis, at a minimum, or upon request.
- Complete responsibilities outlined in each reserve fund section in Appendix “A”.
- Recommend any revisions or amendments to this Policy, as may be required from time to time, as a result in changes in applicable statutes, accounting standards, economic conditions, or other changes.

**Reserve  
Categories:**

The Regional District has over 215 unique reserve accounts that are encompassed in this Policy.

In order to summarize, these reserves have been organized into the following categories:

1. Operating Reserves
2. Capital Reserves
3. Statutory Reserves
4. Special Purpose Reserves
5. Asset Management Reserves; and
6. Northern Capital and Planning Grant Reserves

**Guidance by  
Category:**

Please see Appendix “A” for guidance on each category of reserve funds.

## APPENDIX “A”

### 1. Operating Reserve Funds

Background:

The Regional District will endeavour to maintain Unappropriated Surplus balances in its operating reserves for Services administered by the Regional District. The primary purpose of Operating Reserve Funds are to:

- provide working capital for projects that are utilizing operating budget revenues which will eliminate or reduce the need to borrow funds
- maintain a pool of funds that can be used to manage unexpected expenses as a result of events or emergencies that if the funds were not available would create a budget deficit position
- maintain a pool of funds for those Services that rely on user fees as a revenue source and where if user fee revenue forecasts are not realized could result in a budget deficit position; and
- maintain a pool of funds for those Services where there can be significant external pressures that impact forecasting.

Permitted Usage:

Operating Reserve Funds are permitted to be used to fund operating expenses within a service area budget. These reserves can also be used to fund capital expenditures if desired.

Operating Reserve Funds have the greatest level of flexibility in terms of the ability to use these reserves compared to the other types of reserves outlined in Appendix “A”.

Examples of Operating Reserve Fund usage include, but is not limited to:

- use to fund additional expenditures in annual budget
- use to offset reduction in revenue from user fees or other budgeted revenue; and
- use for unexpected/unplanned expenses.

Minimums and Maximums:

Operating Reserve minimums and maximums are as follows:

Funding Source	Minimum Level	Maximum Level
Services administered by the Regional District: • any excess operating revenues over expenditures at the end of each fiscal year.	Two months of regular operating expenditures, rounded to the nearest higher \$1,000.	Four months of regular operating expenditures, rounded to the nearest higher \$1,000.
Utility (Water/Sewer) Services: • any excess operating revenues over expenditures at the end of each fiscal year.	Two months of regular operating expenditures, rounded to the nearest higher \$1,000.	Four months of regular operating expenditures, rounded to the nearest \$1,000 or \$50,000 whichever is greater.

Exemptions:

The following Services are exempt from establishing an Operating Reserve:

- 1201 Administration
- 1901 Elections
- 1902 UBCM, FCM, NCMA & YHA
- 1951 Regional Grants-In-Aid
- 1952-1958 Community Grants-In-Aid
- 2911 Sewage Service - Holding Tanks
- 3303 Noise Control
- 3802 Bear Lake Cemetery
- 3804 Tete Jaune Cemetery
- 4004 House Numbering
- 5002 Area H Arenas
- 5201-5202 Libraries
- 5301-5302 TV Rebroadcasting
- 5402-5406 Recreation Grants
- 6001 Municipal Debt
- 6201 Feasibility Studies
- 6206 Dome Creek / Crescent Spur Telephone; and
- 8003 Blackburn Water System.

Electoral Area Administration (1203) is exempt from the maximum operating reserve level as it relates to the election reserve that is utilized during each election cycle.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Operating Reserve Funds to ensure they are managed within the Policy; and
- work with the General Manager of Financial Services in determining appropriate Operating Reserve levels and in determining strategies for reaching recommended reserve levels without putting undo financial pressure on individual service area budgets

The General Manager of Financial Services will:

- determine the need for Operating Reserves and may waive the requirement depending on the type of Service (see exemptions above); and
- conduct an annual review of all Operating Reserve Fund balances.

## 2. Capital Reserve Funds

### Background:

There are two types of Capital Reserve Funds:

1. Capital or Equipment Reserves; and
2. Truck Replacement or Vehicle Reserves.

Capital Reserve Funds are reserves established to meet the costs of future capital works and the renewal, improvement, or replacement of current tangible capital assets.

Equipment Reserve Funds are reserves established to fund the costs of purchasing specific new or replacement equipment items.

Truck Replacement or Vehicle Reserves are a type of capital reserve specific to major truck or vehicle replacement for the volunteer fire departments and rescue services and other Service areas that retain fleet vehicles.

### Permitted Usage:

Capital Reserve Funds are permitted to be used to fund capital expenses within a Service area budget. Regular capital reserves are meant to be used to cover the cost of any and all capital relating to a Service. If a specific capital item is of significant value, a separate capital reserve or equipment reserve can be setup to identify specific reserve funds for this capital item.

Tangible capital assets must be:

1. Held for use in the provision of services.
2. Have useful economic lives greater than one year.
3. Plan to be used on a continuing basis.
4. Are not for sale in the ordinary course of operations.

The threshold for a capital asset is \$25,000 or greater as per internal policy RD-10-15 Tangible Capital Asset Accounting and Budgeting Policy.

Capital and Equipment Reserve Funds are not permitted to be used to fund operations.

### Minimums and Maximums:

The Regional District must ensure that Capital Reserve Funds are established and maintained to meet the current and future capital needs of the Regional District as identified in long-term financial plans, capital plans and asset management plans for individual services.

<b>Funding Source</b>	<b>Minimum Level</b>	<b>Maximum Level</b>
Annual allocation from each Service's operating budget as provided for in the financial plan.	Adequate to fund capital projects identified as capital reserve funded for the next three years of the long-term financial plan of the Service area.	Adequate to fund all capital projects identified as capital reserve funded in the long-term financial plan of the Service area.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Capital Reserve Funds to ensure they are managed within the Policy
- work with the General Manager of Financial Services in determining appropriate strategies for reaching recommended reserve levels without putting undo financial pressure on the Service area budget(s); and
- advise and work with the General Manager of Financial Services in respect of adjustments to Long-Term Capital Plans and Asset Management Plans that may require adjustments to capital reserve fund targets.

The General Manager of Financial Services will:

- conduct an annual review of all Capital Reserve Fund balances to ensure that fund balances are adequate based on minimum and maximum level guidelines; and
- work with Budget Managers to achieve minimum and maximum reserve levels within each Service area and forecast reserve balances relating to specific capital projects or equipment purchases.

### 3. Statutory Reserve Funds

Background:

The Regional District must maintain Statutory Reserve Funds in accordance with current bylaws and legislation.

Statutory Reserve Funds include:

- Park Development
- Landfill Closure - Foothills
- Landfill Closure - Mackenzie
- Landfill Post Closure
- Rural Landfill Closure
- Feasibility Studies
- Office Accommodation
- Park Land Acquisition (Areas A, C, D, E, G and H); and
- Region-Wide Fire Protection.

Permitted Usage:

Statutory Reserve Funds can only be utilized for the statutory purpose outlined in the individual statutory reserve bylaw.

In order to ensure that amounts are used appropriately, Budget Managers will check with the General Manager of Financial Services prior to using funds from a Statutory Reserve Fund.

In special circumstances, guidance will be requested from the Province of British Columbia and the applicable ministries in order to determine if a proposed expenditure can use Statutory Reserve Funds as a funding source.

Minimums and Maximums:

Minimums and maximums have not been identified for Statutory Reserve Funds because the required/desired amounts for statutory reserves vary depending on the purpose of the reserve.

To ensure that an appropriate amount is being allocated to a Statutory Reserve Fund, Budget Managers are encouraged to consider the total amounts needed to fund future endeavours from the individual statutory reserve and budget accordingly each year.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Statutory Reserves to ensure they are managed within the Policy; and
- advise and work with the General Manager of Financial Services where changes to agreements, bylaws and legislation may require adjustments to Statutory Reserve Funds.

The General Manager of Financial Services will:

- ensure that all funding and expenditures for Statutory Reserve Funds are deposited or paid in accordance with agreements, bylaws and legislation; and
- ensure that proposed uses of Statutory Reserve Funds are in accordance with program funding requirements.

#### 4. Special Purpose Reserve Funds

Background:

Special Purpose Reserve Funds are committed funds set aside for specific projects, such as grant funding or other monies received but not yet applied, which are being maintained in separate accounts.

Special Purpose Reserve Funds include:

- Community Works Fund
- Network Copier Reserve
- MIABC Dividend
- Budget Stabilization
- Exploration Place Capital
- C. Winther Park
- Fire/Life Safety House
- UBCM – Wildfire Protection
- PG Library Outreach
- Cultural Plan Endowment Fund
- Strategic Community Investment Fund (SCIF)
- Remediation Reserve
- Response and Recovery

Permitted Usage:

The permitted usage of special purpose reserve funds varies based on the individual reserve fund.

Many Special Purpose Reserve Funds are funded by external contributions; therefore, there are rules to be followed in the disbursement of any amounts from those reserves.

- Example: the Canada Communities Building Fund (formerly called the Community Works Fund) reserve is comprised of Canada Communities Building Fund contributions received from the federal government through the Union of BC Municipalities (“UBCM”). In order for funds to be disbursed, the usage of the funds must adhere to the Project Eligibility Guidelines provided by UBCM and be approved by the Regional District’s Board of Directors.

If unsure about the permitted usage of funds from a Special Purpose Reserve Fund, Budget Managers will check with the General Manager of Financial Services prior to using funds from a Special Purpose Reserve Fund.

Minimums and Maximums:

Minimums and maximums have not been identified for Special Purpose Reserve Funds because the required/desired amounts for special purpose reserves vary depending on the purpose of the reserve.

To ensure that an appropriate amount is being allocated to a Special Purpose Reserve Fund, Budget Managers are encouraged to consider the total amounts needed to fund future endeavours from the individual special purpose reserve and budget accordingly based on available funds.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Special Purpose Reserve Funds to ensure they are managed within the Policy; and
- advise and work with the General Manager of Financial Services where changes to agreements, bylaws and legislation may require adjustments to Special Purpose Reserve Funds.

The General Manager of Financial Services will:

- ensure that all funding and expenditures for Special Purpose Reserve Funds are deposited and reported in accordance with agreements, bylaws, and legislation; and
- ensure that proposed uses of Special Purpose Reserve Funds are in accordance with program funding requirements

## 5. Asset Management Reserve Funds

### Background:

Asset Management Reserve Funds are committed funds set aside to fund the maintenance, renewal and decommissioning of tangible capital assets held within each Service area.

### Permitted Usage:

The permitted usage of asset management reserves is to fund the maintenance, renewal and decommissioning of existing tangible capital assets. These reserves are not permitted to be used to purchase new capital items, as the funds are designated to ensure the sustainable operation and maintenance of presently owned assets.

For the purpose defining non-permitted usage of asset management reserve funds, new capital items include, but are not limited to:

- Expansions or add-ons to pre-existing assets.
- Cosmetic improvements to assets not motivated by asset renewal.
- Other non-essential expenses relating to an existing asset.

If a Budget Manager is looking to purchase a new capital item, please refer to other reserve fund categories to potentially fund such a purchase.

If unsure about the permitted usage of funds from an asset management reserve fund, Budget Managers will check with the General Manager of Financial Services prior to using funds from an asset management reserve.

### Minimums and Maximums:

The Regional District must ensure that Asset Management Reserve Funds are established and maintained to meet the current and future asset management needs of the Regional District as identified in long-term financial plans, capital plans and asset management plans for individual services.

<b>Funding Source</b>	<b>Minimum Level</b>	<b>Maximum Level</b>
Annual allocation from each Service's operating budget as provided for in the financial plan.	Adequate to fund the maintenance and renewal of some existing capital items owned by a Service based on identified needs over the next three (3) years.	Adequate to fund the maintenance and renewal of all existing capital items owned by a Service based on identified needs over the expected life span of the existing capital items.

### Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Asset Management Reserve Funds to ensure they are managed within the Policy

- advise and work with the General Manager of Financial Services where changes to agreements, policies, bylaws and legislation may require adjustments to Asset Management Reserve Funds; and
- work with the General Manager of Financial Services in determining appropriate strategies for reaching recommended reserve levels without putting undo financial pressure on the Service area budget(s).

The General Manager of Financial Services will:

- conduct an annual review of all Asset Management Reserve Fund balances to ensure that fund balances are adequate based on minimum and maximum level guidelines; and
- work with Budget Managers to achieve minimum and maximum reserve levels within each Service area and forecast reserve balances relating to each Service area's asset management needs.

## 6. Northern Capital and Planning Grant Reserve Funds

### Background:

Northern Capital and Planning Grant reserve funds are committed funds set aside from the allocation of NCPG funds received from the Province of British Columbia in 2019 and 2020.

These funds have been allocated to various individual Services to fund specific capital and planning projects.

### Permitted Usage:

The permitted usage of NCPG reserves is based on the guidelines outlined by the Ministry of Municipal Affairs and current legislation.

According to Section 4 (1) (a) and (c) of the *Local Government Grants Act*, conditional grants (including the NCPG) may be made to municipalities, regional districts and prescribed related organizations for the following purposes:

- Reviewing, studying, planning or implementing matters relating to local government planning or growth management; or
- Reviewing, studying, planning or constructing water supply and distribution facilities, sewage collection and disposal facilities, major municipal highways or other infrastructure.

NCPG funds are to be used by each Service for the purposes of purchasing capital items or performing planning related work for future capital projects.

If unsure about the permitted usage of funds from a NCPG reserve fund, Budget Managers will check with the General Manager of Financial Services prior to using funds from a NCPG reserve.

### Minimums and Maximums:

Minimums and maximums have not been identified for NCPG reserve funds because the funding received were specified amounts from the Province of British Columbia and any additional funding will be at the determination of the Province of British Columbia and the Ministry of Municipal Affairs.

Therefore, the amounts in reserve are unable to be increased and would need to be supplemented from other sources in order to fund a project of greater cost than the amount available in the reserve of an individual service.

### Responsibilities:

The Budget Manager will:

- regularly monitor and assess the NCPG Reserves to ensure they are managed within the Policy; and
- notify the General Manager of Financial Services prior to funds from this reserve being used by outlining the amount to be spent and the specific project costs to utilize this reserve funding,

The General Manager of Financial Services will:

- ensure that all expenditures for NCPG Reserve Funds are spent in accordance with legislation and Ministry guidance; and
- report to the Province of British Columbia on the usage or status of NCPG funds from the reserve accounts as required.

# Reserve Policy – 2023 Annual Update

## BACKGROUNDER

### **Overview of Policy**

Reserve funds held by the Regional District will be developed, maintained and used in support of sustainable budgeting and financial management practices.

The Regional District will endeavor to maintain adequate levels of reserve fund balances to mitigate current and future financial risks and facilitate stable requisition rates.

The following guiding principles form the basis of this Policy:

- Sufficient reserve funds are important in achieving financial health and stability for the Regional District; and
- Reserve goals need to be consistent with, and supportive of, established long-term financial plans.

Reserve fund management needs to conform to the statutory and legal requirements of the *Local Government Act* and the *Community Charter*, Generally Accepted Accounting Principles (GAAP) and Public Sector Accounting Board (PSAB) recommendations.

The administration of reserves is a joint responsibility between the Budget Managers and the General Manager of Financial Services.

The Regional District has over 260 unique reserve accounts that are encompassed in this Policy.

In order to summarize, these reserves have been organized into the following categories:

1. Operating Reserves
2. Capital Reserves
3. Statutory Reserves
4. Special Purpose Reserves
5. Asset Management Reserves
6. Northern Capital and Planning Grant Reserves; and
7. Growing Communities Fund

Each year, the Regional District budgets for annual contributions to be made into the reserve funds. This allows the Regional District to internally finance, for specific purposes, such as the purchase of capital equipment, identified capital projects or landfill closure and post-closure costs. These funds are accounted for separately for each Service and the monies are invested until such time as they are required.

### **2023 In Review**

The Regional District started the year with total reserve funds at December 31, 2022 of \$70,040,969, as outlined in Exhibit 1.

#### 2023 Results

At December 31, 2023, the Regional District held approximately 262 unique reserve funds.

The 2023 year saw an overall increase to reserve funds of \$11,340,616, as a result of \$11.2 million being contributed from Operating Funds to Reserve Funds and \$4.0 million transferred from Reserve Funds to fund various projects within Regional District Services.

The \$11.2 million contributed to reserves consisted of \$3.5 million to Growing Communities Fund reserves, \$3.3 million to operating reserves, \$1.7 million contributed to landfill closure reserves, \$1.3 million in truck replacement reserve contributions, \$756,000 in Community Works Funding and other minor transfers.

The \$4.0 million of reserve funds utilized included \$1.169 million for Community Works Fund projects, including the contribution to the George Hicks Regional Park Bridge, a New Roof at Nukko Lake Community Hall and the Ness Lake Fire Hall, Replacement of 9 Transtor Bins at Regional District Transfer Stations, Dehumidifiers installed at the Robson Valley Recreation Center, Phase 1 Upgrades to the Dome Creek Recreation Center, Miworth Community Hall Facility Upgrades, RD Volunteer Fire Department Facility Upgrades, Drinking Water and Sanitary Sewer Management and

Facility Conditions Assessments. Additional funding spent included \$503,000 from operating reserves, \$1.58 million from the truck replacement reserves for the Beverly, Buckhorn, and Ferndale-Tabor Volunteer Fire Departments, \$74,000 of NCPG funds utilized, \$54,000 of Growing Community Funds utilized and \$126,000 used from equipment reserves to fund capital projects, along with other minor transfers.

At December 31, 2023, the total in the Reserve Funds was \$81,381,586, as outlined in Exhibit 2.

### **Compliance with Policy**

Turning to policy compliance for the year, based on the overall responsibilities and guidelines identified in the Policy, the Regional District was in compliance with the Policy for the 2023 calendar year from January 1, 2023 to December 31, 2023 with the exception of Asset Management. The Regional District is focused on Asset Management Planning and we will work toward achieving target reserve levels, however it may take a few years to reach our financial goals related to Asset Management without putting undo financial pressure on the Service area budget(s).

### **Annual Review of Policy**

The Policy appears to be meeting the needs of the Regional District.

The Policy has been amended to reflect the addition of the Growing Communities Fund (CWF) Reserves that were received from the Province of British Columbia in 2023. These funds have been allocated to various individual services to fund specific infrastructure projects. The amendments also include an update to the current special purpose reserve funds, and clarity of the Tangible Capital Asset Categories with reference to internal policy RD-10-15 Tangible Capital Asset Accounting and Budgeting Policy.

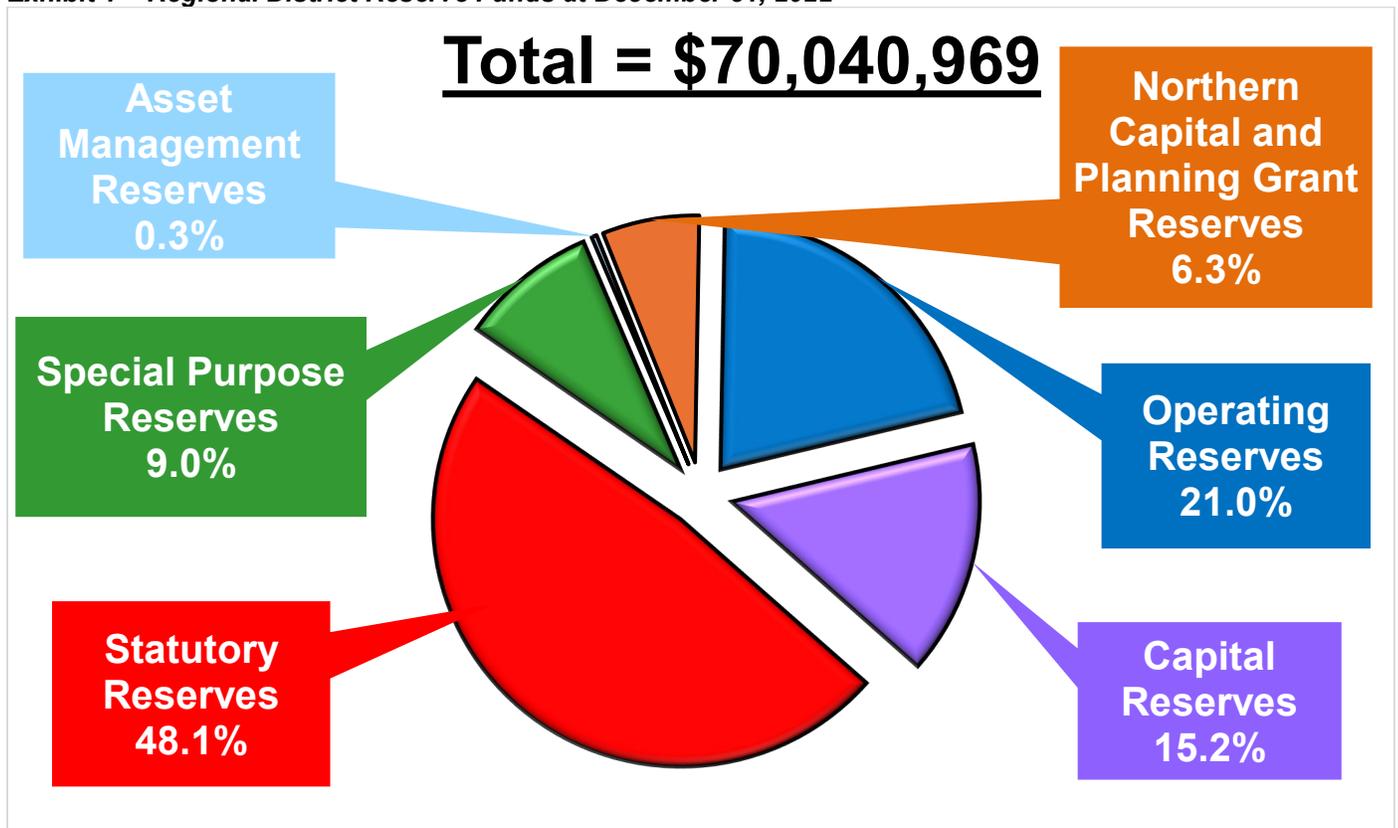
Therefore, management is recommending the proposed changes to the Policy. The next policy review date will be during the year 2025.

### **Conclusion**

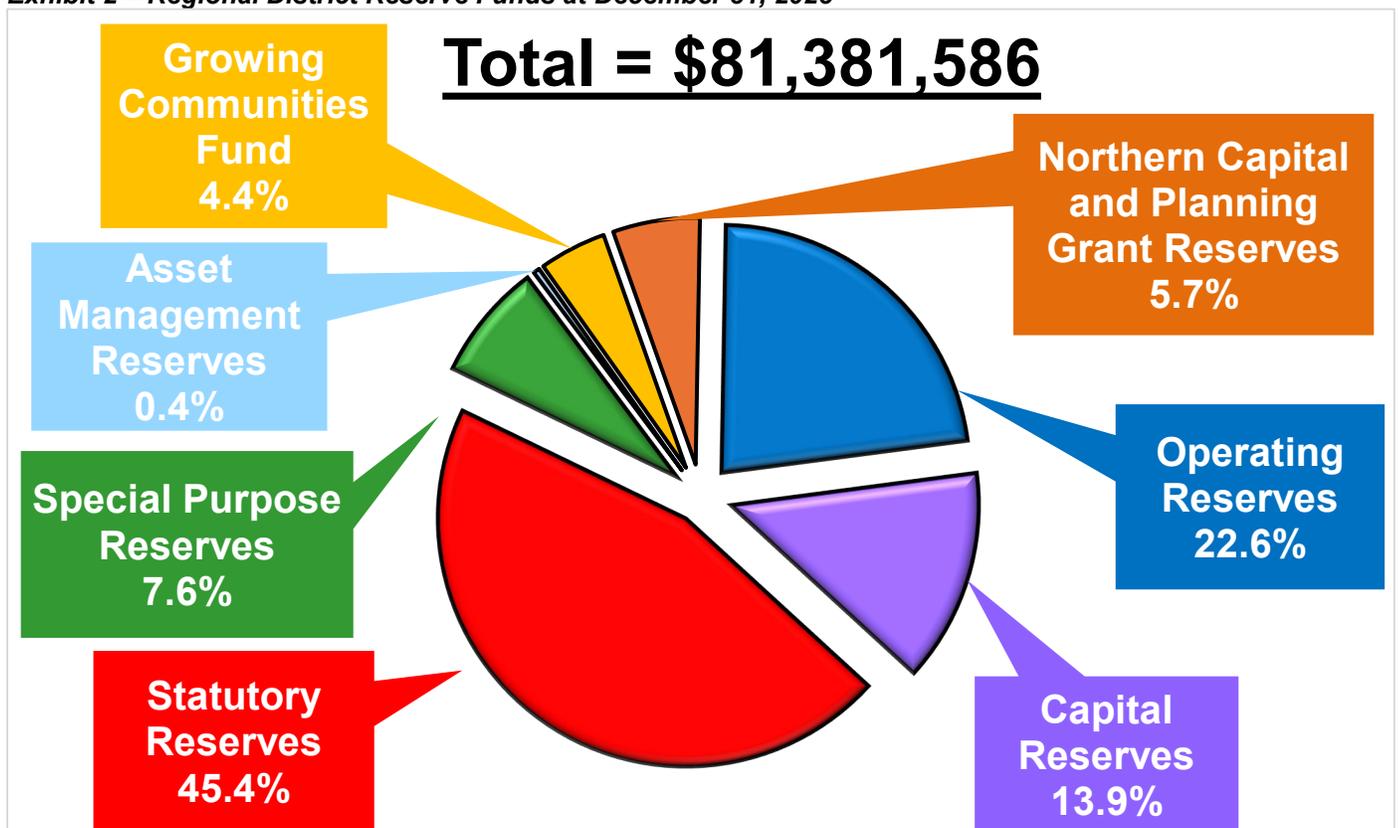
With the RD-22-21 Reserve Fund Policy in place, the Regional District has the tools necessary to manage the reserve fund balances on hand and ensure that the main objectives of the Policy are fulfilled, while maintaining compliance with legislation.

**BACKGROUNDER EXHIBITS**

*Exhibit 1 – Regional District Reserve Funds at December 31, 2022*



*Exhibit 2 – Regional District Reserve Funds at December 31, 2023*





**REGIONAL DISTRICT**  
of Fraser-Fort George

**CORPORATE POLICY**

**No.:** RD-22-21

**Date Approved:** September 23, 2021

**Date Amended:** July 18, 2024

**Name:** Reserve Fund Policy

<b>Purpose:</b>	To provide guidance on the development, maintenance and use of financial reserve funds in support of sustainable budgeting and financial management practices.
<b>Authority:</b>	<p>Section 188 <i>Community Charter</i> – Establishment of Reserve Funds</p> <p>A Board may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.</p> <p>If a local government receives money for a specific application outlined in this section, the Board must establish a reserve fund for the applicable purpose.</p> <p>Section 189 <i>Community Charter</i> – Use of Money in Reserve Funds</p> <p>Money in a reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established. If money from one reserve fund is used for the purposes of another reserve fund, the local government must repay to the first reserve fund, no later than the time when the money is needed for the purposes of that reserve fund, the amount used and an amount equivalent to the interest that would have been earned on the amount used had it remained in the first reserve fund.</p>
<b>Scope:</b>	This policy applies to all reserve funds held by the Regional District.

**Definitions:**

<b>“Asset Management Reserve Funds”</b>	<b>means</b>	committed funds set aside to fund the maintenance, renewal and decommissioning of tangible capital assets held within each Service area.
<b>“Budget Manager”</b>	<b>means</b>	the Regional District manager responsible for the preparation and oversight of a Service area budget.
<b>“Capital Reserve Funds”</b>	<b>means</b>	funds set aside in a capital reserve fund and these funds must only be utilized for capital projects as defined in the Tangible Capital Asset Policy.
<b>“General Manager of Financial Services”</b>	<b>means</b>	the statutory financial officer of the Regional District under Section 237 of the <i>Local Government Act</i> or delegate.
<b>“Northern Capital and Planning Grant (NCPG) Reserve Funds”</b>	<b>means</b>	committed funds set aside from the allocations of NCPG funds received from the Province of British Columbia in 2019 and 2020. These funds have been allocated to various individual services to fund specific capital and planning projects.

**Expiry Date:**

**Review Date:** Annually

<b>“Growing Communities Fund (CWF) Reserve Funds”</b>	<b>means</b>	committed funds set aside from the allocation of CGF funds received from the Province of British Columbia in 2023. These funds have been allocated to various individual services to fund specific infrastructure projects.
<b>“Operating Reserves”</b>	<b>means</b>	unappropriated surplus funds for Services administered by the Regional District that have been placed into a reserve fund for operating expenditures.
<b>“Regional District”</b>	<b>means</b>	the Regional District of Fraser-Fort George.
<b>“Special Purpose Reserve Funds”</b>	<b>means</b>	committed funds set aside for specific projects (non-statutory), such as grant funding or other monies received but not yet applied, which are being maintained in separate reserve accounts.
<b>“Statutory Reserve Funds”</b>	<b>means</b>	funds set aside for a specified statutory purpose. These funds are established via bylaw and must be utilized as outlined in the bylaw.
<b>“Unappropriated Surplus”</b>	<b>means</b>	accumulated surplus built up in the Regional District’s various operating funds that has not been designated for specific uses.

**Policy:**

Reserve funds held by the Regional District will be developed, maintained and used in support of sustainable budgeting and financial management practices.

**General:**

The Regional District will endeavour to maintain adequate levels of reserve fund balances to mitigate current and future financial risks and facilitate stable requisition rates. The following guiding principles form the basis of this Policy:

- Sufficient reserve funds are important in achieving financial health and stability for the Regional District.
- Reserve goals need to be consistent with, and supportive of, established long-term financial plans.

Reserve fund management needs to conform to the statutory and legal requirements of the *Local Government Act* and the *Community Charter*, Generally Accepted Accounting Principles (GAAP) and Public Sector Accounting Board (PSAB) recommendations.

**Reserve Administration:**

The administration of reserves is a joint responsibility between the Budget Manager and the General Manager of Financial Services.

**Overall Responsibilities:**

The Budget Manager will:

- Request creation of new reserve accounts from the General Manager of Financial Services.
- Request changes (i.e. transfers, expenditure, and name changes) to reserve accounts from the General Manager of Financial Services.

- Monitor reserve balances relating to the Budget Manager’s Service area(s) and ensure permitted usage and minimum and maximum levels are adhered to.
- Complete responsibilities outlined in each reserve fund section in Appendix “A”.

The General Manager of Financial Services will:

- Invest reserve amounts appropriately according to the Regional District Investment Policy RD-14-19 and ensure interest is allocated to the reserves on a monthly basis.
- Provide information to the board regarding number, type, and balance of reserves on an annual update basis.
- Consider and approve creation of new reserve accounts when requested by the Budget Manager.
- Consider and approve changes to reserve accounts when requested by the Budget Manager.
- Make a reserve report available to Budget Managers on a quarterly basis, at a minimum, or upon request.
- Complete responsibilities outlined in each reserve fund section in Appendix “A”.
- Recommend any revisions or amendments to this Policy, as may be required from time to time, as a result in changes in applicable statutes, accounting standards, economic conditions, or other changes.

**Reserve  
Categories:**

The Regional District has over 215 unique reserve accounts that are encompassed in this Policy.

In order to summarize, these reserves have been organized into the following categories:

1. Operating Reserves
2. Capital Reserves
3. Statutory Reserves
4. Special Purpose Reserves
5. Asset Management Reserves
6. Northern Capital and Planning Grant Reserves; and
7. Growing Communities Fund Reserves

**Guidance by  
Category:**

Please see Appendix “A” for guidance on each category of reserve funds.

## APPENDIX “A”

### 1. Operating Reserve Funds

Background:

The Regional District will endeavour to maintain Unappropriated Surplus balances in its operating reserves for Services administered by the Regional District. The primary purpose of Operating Reserve Funds are to:

- provide working capital for projects that are utilizing operating budget revenues which will eliminate or reduce the need to borrow funds
- maintain a pool of funds that can be used to manage unexpected expenses as a result of events or emergencies that if the funds were not available would create a budget deficit position
- maintain a pool of funds for those Services that rely on user fees as a revenue source and where if user fee revenue forecasts are not realized could result in a budget deficit position; and
- maintain a pool of funds for those Services where there can be significant external pressures that impact forecasting.

Permitted Usage:

Operating Reserve Funds are permitted to be used to fund operating expenses within a service area budget. These reserves can also be used to fund capital expenditures if desired.

Operating Reserve Funds have the greatest level of flexibility in terms of the ability to use these reserves compared to the other types of reserves outlined in Appendix “A”.

Examples of Operating Reserve Fund usage include, but is not limited to:

- use to fund additional expenditures in annual budget
- use to offset reduction in revenue from user fees or other budgeted revenue; and
- use for unexpected/unplanned expenses.

Minimums and Maximums:

Operating Reserve minimums and maximums are as follows:

<b>Funding Source</b>	<b>Minimum Level</b>	<b>Maximum Level</b>
Services administered by the Regional District: • any excess operating revenues over expenditures at the end of each fiscal year.	Two months of regular operating expenditures, rounded to the nearest higher \$1,000.	Four months of regular operating expenditures, rounded to the nearest higher \$1,000.
Utility (Water/Sewer) Services: • any excess operating revenues over expenditures at the end of each fiscal year.	Two months of regular operating expenditures, rounded to the nearest higher \$1,000 or \$25,000 whichever is greater.	Four months of regular operating expenditures, rounded to the nearest \$1,000 or \$50,000 whichever is greater.

Exemptions:

Due to the nature of the services, the following Services are exempt from establishing an Operating Reserve:

- 1901 Elections
- 1902 UBCM, FCM, NCMA & YHA
- 1951 Regional Grants-In-Aid
- 1952-1958 Community Grants-In-Aid
- 2911 Sewage Service - Holding Tanks
- 3303 Noise Control
- 3802 Bear Lake Cemetery
- 3804 Tete Jaune Cemetery
- 5002 Area H Arenas
- 5201-5202 Libraries
- 5301-5302 TV Rebroadcasting
- 5402-5406 Recreation Grants
- 6001 Municipal Debt
- 6201 Feasibility Studies; and
- 8003 Blackburn Water System.

Electoral Area Administration (1203) is exempt from the maximum operating reserve level as it relates to the election reserve that is utilized during each election cycle.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Operating Reserve Funds to ensure they are managed within the Policy
- work with the General Manager of Financial Services in determining appropriate Operating Reserve levels and in determining strategies for reaching recommended reserve levels without putting undo financial pressure on individual service area budgets; and
- work with the General Manager of Financial Services in determining appropriate allocation of Operating Reserve levels in excess of the maximum level with a focus on long term financial needs

The General Manager of Financial Services will:

- determine the need for Operating Reserves and may waive the requirement depending on the type of Service (see exemptions above); and
- conduct an annual review of all Operating Reserve Fund balances.

## Capital Reserve Funds

### Background:

There are two types of Capital Reserve Funds:

1. Capital or Equipment Reserves; and
2. Truck Replacement or Vehicle Reserves.

Capital Reserve Funds are reserves established to meet the costs of future capital works and the renewal, improvement, or replacement of current tangible capital assets.

Equipment Reserve Funds are reserves established to fund the costs of purchasing specific new or replacement equipment items.

Truck Replacement or Vehicle Reserves are a type of capital reserve specific to major truck or vehicle replacement for the volunteer fire departments and rescue services and other Service areas that retain fleet vehicles.

### Permitted Usage:

Capital Reserve Funds are permitted to be used to fund capital expenses within a Service area budget. Regular capital reserves are meant to be used to cover the cost of any and all capital relating to a Service. If a specific capital item is of significant value, a separate capital reserve or equipment reserve can be setup to identify specific reserve funds for this capital item.

Tangible capital assets must be:

1. Held for use in the provision of services.
2. Have useful economic lives greater than one year.
3. Plan to be used on a continuing basis.
4. Are not for sale in the ordinary course of operations.

The Tangible Capital Asset categories and thresholds for recognition of \$25,000 or greater are defined as per internal policy RD-10-15 Tangible Capital Asset Accounting and Budgeting Policy.

Capital and Equipment Reserve Funds are not permitted to be used to fund operations.

### Minimums and Maximums:

The Regional District must ensure that Capital Reserve Funds are established and maintained to meet the current and future capital needs of the Regional District as identified in long-term financial plans, capital plans and asset management plans for individual services.

<b>Funding Source</b>	<b>Minimum Level</b>	<b>Maximum Level</b>
Annual allocation from each Service's operating budget as provided for in the financial plan.	Adequate to fund capital projects identified as capital reserve funded for the next three years of the long-term financial plan of the Service area.	Adequate to fund all capital projects identified as capital reserve funded in the long-term financial plan of the Service area.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Capital Reserve Funds to ensure they are managed within the Policy
- work with the General Manager of Financial Services in determining appropriate strategies for reaching recommended reserve levels without putting undo financial pressure on the Service area budget(s); and
- advise and work with the General Manager of Financial Services in respect of adjustments to Long-Term Capital Plans and Asset Management Plans that may require adjustments to capital reserve fund targets.

The General Manager of Financial Services will:

- conduct an annual review of all Capital Reserve Fund balances to ensure that fund balances are adequate based on minimum and maximum level guidelines; and
- work with Budget Managers to achieve minimum and maximum reserve levels within each Service area and forecast reserve balances relating to specific capital projects or equipment purchases.

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## 2. Statutory Reserve Funds

### Background:

The Regional District must maintain Statutory Reserve Funds in accordance with current bylaws and legislation.

Statutory Reserve Funds include:

- Park Development
- Landfill Closure - Foothills
- Landfill Closure - Mackenzie
- Landfill Post Closure
- Rural Landfill Closure
- Feasibility Studies
- Office Accommodation
- Park Land Acquisition (Areas A, C, D, E, G and H); and
- Region-Wide Fire Protection.

### Permitted Usage:

Statutory Reserve Funds can only be utilized for the statutory purpose outlined in the individual statutory reserve bylaw.

In order to ensure that amounts are used appropriately, Budget Managers will check with the General Manager of Financial Services prior to using funds from a Statutory Reserve Fund.

In special circumstances, guidance will be requested from the Province of British Columbia and the applicable ministries in order to determine if a proposed expenditure can use Statutory Reserve Funds as a funding source.

### Minimums and Maximums:

Minimums and maximums have not been identified for Statutory Reserve Funds because the required/desired amounts for statutory reserves vary depending on the purpose of the reserve.

To ensure that an appropriate amount is being allocated to a Statutory Reserve Fund, Budget Managers are encouraged to consider the total amounts needed to fund future endeavours from the individual statutory reserve and budget accordingly each year.

### Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Statutory Reserves to ensure they are managed within the Policy; and
- advise and work with the General Manager of Financial Services where changes to agreements, bylaws and legislation may require adjustments to Statutory Reserve Funds.

The General Manager of Financial Services will:

- ensure that all funding and expenditures for Statutory Reserve Funds are deposited or paid in accordance with agreements, bylaws and legislation; and
- ensure that proposed uses of Statutory Reserve Funds are in accordance with program funding requirements.

DRAFT

### 3. Special Purpose Reserve Funds

Background:

Special Purpose Reserve Funds are committed funds set aside for specific projects, such as grant funding or other monies received but not yet applied, which are being maintained in separate accounts.

Special Purpose Reserve Funds include:

- Community Works Fund
- Network Copier Reserve
- MIABC Dividend
- Budget Stabilization
- Exploration Place Capital
- C. Winther Park
- Fire/Life Safety House
- Recreation Equipment
- Cultural Plan
- Climate Action
- UBCM – NG911
- UBCM – Wildfire Protection
- PG Library Outreach
- Cultural Plan Endowment Fund
- Strategic Community Investment Fund (SCIF)
- Remediation Reserve
- Response and Recovery
- Fee Reduction Reserve

Permitted Usage:

The permitted usage of special purpose reserve funds varies based on the individual reserve fund.

Many Special Purpose Reserve Funds are funded by external contributions; therefore, there are rules to be followed in the disbursement of any amounts from those reserves.

- Example: the Canada Communities Building Fund (formerly called the Community Works Fund) reserve is comprised of Canada Communities Building Fund contributions received from the federal government through the Union of BC Municipalities (“UBCM”). In order for funds to be disbursed, the usage of the funds must adhere to the Project Eligibility Guidelines provided by UBCM and be approved by the Regional District’s Board of Directors.

If unsure about the permitted usage of funds from a Special Purpose Reserve Fund, Budget Managers will check with the General Manager of Financial Services prior to using funds from a Special Purpose Reserve Fund.

Minimums and Maximums:

Minimums and maximums have not been identified for Special Purpose Reserve Funds because the required/desired amounts for special purpose reserves vary depending on the purpose of the reserve.

To ensure that an appropriate amount is being allocated to a Special Purpose Reserve Fund, Budget Managers are encouraged to consider the total amounts needed to fund future endeavours from the individual special purpose reserve and budget accordingly based on available funds.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Special Purpose Reserve Funds to ensure they are managed within the Policy; and
- advise and work with the General Manager of Financial Services where changes to agreements, bylaws and legislation may require adjustments to Special Purpose Reserve Funds.

The General Manager of Financial Services will:

- ensure that all funding and expenditures for Special Purpose Reserve Funds are deposited and reported in accordance with agreements, bylaws, and legislation; and
- ensure that proposed uses of Special Purpose Reserve Funds are in accordance with program funding requirements

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#### 4. Asset Management Reserve Funds

Background:

Asset Management Reserve Funds are committed funds set aside to fund the maintenance, renewal and decommissioning of tangible capital assets held within each Service area.

Permitted Usage:

The permitted usage of asset management reserves is to fund the maintenance, renewal and decommissioning of existing tangible capital assets. These reserves are not permitted to be used to purchase new capital items, as the funds are designated to ensure the sustainable operation and maintenance of presently owned assets.

For the purpose defining non-permitted usage of asset management reserve funds, new capital items include, but are not limited to:

- Expansions or add-ons to pre-existing assets.
- Cosmetic improvements to assets not motivated by asset renewal.
- Other non-essential expenses relating to an existing asset.

If a Budget Manager is looking to purchase a new capital item, please refer to other reserve fund categories to potentially fund such a purchase.

If unsure about the permitted usage of funds from an asset management reserve fund, Budget Managers will check with the General Manager of Financial Services prior to using funds from an asset management reserve.

Minimums and Maximums:

The Regional District must ensure that Asset Management Reserve Funds are established and maintained to meet the current and future asset management needs of the Regional District as identified in long-term financial plans, capital plans and asset management plans for individual services.

<b>Funding Source</b>	<b>Minimum Level</b>	<b>Maximum Level</b>
Annual allocation from each Service's operating budget as provided for in the financial plan.	Adequate to fund the maintenance and renewal of some existing capital items owned by a Service based on identified needs over the next three (3) years.	Adequate to fund the maintenance and renewal of all existing capital items owned by a Service based on identified needs over the expected life span of the existing capital items.

Responsibilities:

The Budget Manager will:

- regularly monitor and assess the Asset Management Reserve Funds to ensure they are managed within the Policy

- advise and work with the General Manager of Financial Services where changes to agreements, policies, bylaws and legislation may require adjustments to Asset Management Reserve Funds; and
- work with the General Manager of Financial Services in determining appropriate strategies for reaching recommended reserve levels without putting undo financial pressure on the Service area budget(s).

The General Manager of Financial Services will:

- conduct an annual review of all Asset Management Reserve Fund balances to ensure that fund balances are adequate based on minimum and maximum level guidelines; and
- work with Budget Managers to achieve minimum and maximum reserve levels within each Service area and forecast reserve balances relating to each Service area's asset management needs.

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## 5. Northern Capital and Planning Grant Reserve Funds

### Background:

Northern Capital and Planning Grant reserve funds are committed funds set aside from the allocation of NCPG funds received from the Province of British Columbia in 2019 and 2020.

These funds have been allocated to various individual Services to fund specific capital and planning projects.

### Permitted Usage:

The permitted usage of NCPG reserves is based on the guidelines outlined by the Ministry of Municipal Affairs and current legislation.

According to Section 4 (1) (a) and (c) of the *Local Government Grants Act*, conditional grants (including the NCPG) may be made to municipalities, regional districts and prescribed related organizations for the following purposes:

- Reviewing, studying, planning or implementing matters relating to local government planning or growth management; or
- Reviewing, studying, planning or constructing water supply and distribution facilities, sewage collection and disposal facilities, major municipal highways or other infrastructure.

NCPG funds are to be used by each Service for the purposes of purchasing capital items or performing planning related work for future capital projects.

If unsure about the permitted usage of funds from a NCPG reserve fund, Budget Managers will check with the General Manager of Financial Services prior to using funds from a NCPG reserve.

### Minimums and Maximums:

Minimums and maximums have not been identified for NCPG reserve funds because the funding received were specified amounts from the Province of British Columbia and any additional funding will be at the determination of the Province of British Columbia and the Ministry of Municipal Affairs.

Therefore, the amounts in reserve are unable to be increased and would need to be supplemented from other sources in order to fund a project of greater cost than the amount available in the reserve of an individual service.

### Responsibilities:

The Budget Manager will:

- regularly monitor and assess the NCPG Reserves to ensure they are managed within the Policy; and
- notify the General Manager of Financial Services prior to funds from this reserve being used by outlining the amount to be spent and the specific project costs to utilize this reserve funding,

The General Manager of Financial Services will:

- ensure that all expenditures for NCPG Reserve Funds are spent in accordance with legislation and Ministry guidance; and
- report to the Province of British Columbia on the usage or status of NCPG funds from the reserve accounts as required.

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## 6. Growing Communities Fund Reserve

### Background:

Growing Communities Fund reserve funds are committed funds set aside from the allocation of CWF funds received from the Province of British Columbia in 2023.

These funds have been allocated to various individual Services to fund specific infrastructure projects.

### Permitted Usage:

The permitted usage of CWF reserves is based on the guidelines outlined by the Ministry of Municipal Affairs and current legislation.

According to Section 4 (1) (a) and (c) of the *Local Government Grants Act*, conditional grants (including the CWF) may be made to municipalities, regional districts and prescribed related organizations for the following purposes:

- Reviewing, studying, planning or implementing matters relating to local government planning or growth management; or
- Reviewing, studying, planning or constructing water supply and distribution facilities, sewage collection and disposal facilities, major municipal highways or other infrastructure.

The funding provided through the GCF should be limited to one-off costs needed to build required infrastructure and amenities rather than funding ongoing or operational activities. These funds are to be incremental to currently planned investments and should accelerate the delivery of capital projects. Eligible costs are as follows:

- Public drinking water supply, treatment facilities and water distribution;
- Local portion of affordable/attainable housing developments;
- Childcare facilities;
- Municipal or regional capital projects that serve, directly or indirectly, neighbouring first nations communities;
- Wastewater conveyance and treatment facilities;
- Stormwater management;
- Solid waste management infrastructure;
- Public safety/emergency management equipment and facilities not funded by senior level government;
- Local road improvements and upgrades;
- Sidewalks, curbing and lighting;
- Active transportation amenities not funded by existing provincial programs;
- Improvements that facilitate transit service;
- Natural hazard mitigation;
- Park additions/maintenance/upgrades including washrooms/meeting space and other amenities; and
- Recreation-related amenities.

Further to the above noted capital costs, one-off costs can include:

- Costs of feasibility studies (including infrastructure capacity assessment); other early-stage development work; costs of designing, tendering and acquiring land (where it is wholly required for eligible infrastructure projects); constructing eligible infrastructure projects; and, in limited situations, non-capital administrative costs where these are necessary, for example adding staff capacity related to the development or to establish complementary financing for local government owned infrastructure or amenities.

If unsure about the permitted usage of funds from a GCF reserve fund, Budget Managers will check with the General Manager of Financial Services prior to using funds from a GCF reserve.

*Minimums and Maximums:*

Minimums and maximums have not been identified for GCF reserve funds because the funding received were specified amounts from the Province of British Columbia and any additional funding will be at the determination of the Province of British Columbia and the Ministry of Municipal Affairs.

Therefore, the amounts in reserve are unable to be increased and would need to be supplemented from other sources in order to fund a project of greater cost than the amount available in the reserve of an individual service.

*Responsibilities:*

The Budget Manager will:

- regularly monitor and assess the GCF Reserves to ensure they are managed within the Policy; and
- notify the General Manager of Financial Services prior to funds from this reserve being used by outlining the amount to be spent and the specific project costs to utilize this reserve funding,

The General Manager of Financial Services will:

- ensure that all expenditures for GCF Reserve Funds are spent in accordance with legislation and Ministry guidance; and
- report to the Province of British Columbia on the usage or status of GCF funds from the reserve accounts as required.