



POLICY

RESERVE POLICY

Policy Number: 140-006	Supersedes Policy Number: Not Applicable
Effective Date: 2012-12-17	Approval By Council (Motion Number): 05-12-12

1.0 Purpose

In accordance with Section 3.2 (iii) of the FRAM, the Town of Wolfville wishes to identify all reserve accounts utilized by the Town of Wolfville, and to establish guidelines related to source of reserve funds and allowable uses of those funds.

2.0 Scope

This Policy is applicable to the Director of Financial Services for the Town of Wolfville.

3.0 References

- 3.1 [Nova Scotia Municipal Government Act](#) (MGA), Section 451
- 3.2 [Nova Scotia Financial Reporting and Accounting Manual](#) (FRAM)

4.0 Definitions

For purposes of this Policy, the following definitions are provided:

- 4.1 **Capital Reserve Fund** – Monies set aside to be used in future years as a funding source for the acquisition of capital assets.
- 4.2 **Financial Reporting and Accounting Manual (FRAM)** – Issued by the Province of Nova Scotia (Section 451 (1) of the MGA), this document outlines specific financial/accounting principles to assist municipalities in adhering to generally accepted accounting principles required by current public sector accounting practices as recommended by the Canadian Institute of Chartered Accountants.
- 4.3 **MGA** – Municipal Government Act of Nova scotia.
- 4.4 **Operating Reserve** – Monies set aside to be used in future years as a funding source for either an operating expenditure or capital expenditure.
- 4.5 **Reserve Fund** – Monies recorded in a separate account to be used in a future year (s) to fund expenditures/projects identified by Council.



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5.0 Policy

Reserve funds are an integral part of a municipality's long term financial planning. The establishment and use of reserves provides the Town:

- With the ability to respond to unanticipated events which impact the Town's financial resources;
- With additional operating revenues in any given year for a specific project and/or one-time event, e.g. elections;
- With additional flexibility in capital project funding.

In accordance with the MGA, and as outlined in the FRAM, the Town of Wolfville has established the following reserve accounts:

5.1 Operating Reserve Funds

Unrestricted:

- This fund is not dedicated to any one project and/or initiative, the use of which Council can determine on an annual basis through the budget process. Council may also, by way of resolution, direct funds to be used for an identified project/initiative not previously included in the Town's approved budget.
- Source of funds – Budgeted transfers from annual Operating Fund Budget or by transfer of year end surplus results of the Town's Operating Fund.

Restricted:

- Funds set aside for identified projects/initiative. Council shall use the funds for the purpose identified at the time the monies were set aside in the reserve.
- If an identified project requires less funding than the amount set aside, the remaining balance will be transferred to the Unrestricted Operating Reserve Fund. In cases where monies were received by external donors, those funds will be returned to the donors unless permission is provided by the donor to utilize the funds for a different purpose. The Town currently has the following restricted operating funds:
 - Transit – funds received from Province of Nova Scotia for use in local transit initiatives.



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5.2 Capital Reserve Funds

Unrestricted:

- This fund is not dedicated to any one capital project/acquisition, the use of which can be for any future replacement or acquisition of capital assets.
- Council will consider use of the funds based on the long term Capital Investment Plan reviewed annually during the budget process.
- Source of Funds:
 - Budgeted transfers from annual Operating Fund Budget or by transfer of year end surplus results of the Town's Operating Fund.
 - Amounts resulting as outlined by Section 3.14 of the FRAM.

Restricted:

- This fund is restricted by the restrictions placed by the source of the monies directed to the fund. Each source of funds with separate restrictions will be accounted for separately. Currently the Town has the following restricted funds:
 - Open Space Reserve – maintained in compliance with the MGA Section 273(5) and as referred to in the Town's MPS and Subdivision By Laws.
 - Clock Park – Funding from private external donors.
 - Sewer Systems – Funding from annual allocation of sewer user fees set aside for future sewer capital initiatives.
 - Library – Funds turned over by the Friends of Library when that organization was wound up.
 - Gas Tax – Federal capital infrastructure funding. Use of funds must be within guidelines set out in the funding agreement.
 - Fire Equipment and Apparatus – funding from the Town's annual budget process, as well as cost sharing agreement with the County of Kings.



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5.3 Financial Reporting

The Director of Financial Services shall include updates in the quarterly financial report to Council. In addition, the annual budget will include a reporting of the reserve fund balances and expected future use of the reserves.

A handwritten signature in blue ink, appearing to read 'M. Maudin', is written over a horizontal line.

CAO

March 10, 2016

Date