
THE CORPORATION OF THE TOWNSHIP OF LAIRD

By-Law No. 1071-23

BEING A BY-LAW TO FORMALLY ADOPT A RESERVES AND RESERVE FUND POLICY FOR THE MUNICIPALITY OF TOWNSHIP OF LAIRD

WHEREAS the Municipal Act, 2001 c. 25 S.O. 2001 is the governing legislation that sets out Council’s responsibilities to develop and evaluate policies and ensure practices and procedures are in place to maintain the financial integrity of the municipality.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE MUNICIPALITY OF THE TOWNSHIP OF LAIRD ENACTS AS FOLLOWS;

1. That this policy will provide guidance to both Council and Staff and will be an important financial planning tool that will be utilized in coordination with the municipality’s asset management plan;
2. THAT Reserves and Reserve Fund Policy is hereby attached hereto as Schedule “A” and forming part of this By-law.
3. THAT this By-law shall become effective upon passing.

Read and Passed in Open Meeting this 19th day of January 2023.

Mayor _____
Shawn Evoy

Seal

Clerk _____
Jennifer Errington

SCHEDULE “A”

To

By-Law #1071-23

Township of Laird Finance Policy, Reserves and Reserve Fund

Municipality of Township of Laird

Policy Type: **Finance**

Policy Number: **FIN-01**

Policy Title: **Reserves & Reserve Fund**

Policy Approval Date: **January 19, 2023**

A Policy governing the management and administration of reserves and reserve funds.

Purpose & Objectives

- Adherence to statutory requirements
- Promotion of financial stability and flexibility
- Provision of major capital expenditures
- Smooth expenditures which would otherwise cause fluctuation in the operating budget
- To take advantage of financial opportunities that may arise

Definitions

- Reserve – Monies set aside by approval of Council and not restricted by legislation. Reserves can be related to projects that are of a nature prescribed and managed by approval of Council. Reserves do not receive an annual interest allocation.
- Reserve Fund – Monies set aside for a specific purpose as required by provincial legislation, a municipal by-law, or agreement. Reserve Funds receive an annual interest allocation based on the average annual balance. The Township of Laird has both Obligatory and Discretionary Reserve Funds.

Establishment, Modification and Closure

- Reserves can be established, modified or closed through the following processes:
 1. Inclusion in the annual operating or capital budget which is approved by Council; or
 2. Through resolution of Council

Management – Investment

- Reserves and reserve funds may be invested for a term that will not exceed its expected date of need. The related investment income will be credited monthly to the specific reserve or reserve fund according to the methodology detailed in the Corporation’s Investment Policy. Investments shall be further governed by the Corporation’s Investment Policy.

Management – Contributions to/draws from

- All contributions to and/or withdrawals from reserves and reserve funds shall be approved by Council, normally as part of the annual budget approval process or specifically by resolution.
- Internal lending from reserves and reserve funds is permitted to temporarily finance capital fund expenditures or operating cash flow deficiencies to avoid external temporary borrowing costs provided that any applicable interest income be credited to the original reserve/reserve fund.

Standard of Care/Responsibilities

- Council
 1. Evaluate and approve the policy
 2. Direct the transfer of fund to and from Reserves and Reserve Funds through the annual budget process
 3. Direct the transfer of funds to and from Reserves and Reserve Funds through Council Resolution or By-Law outside of the budget process
 4. Direct the creation, elimination or consolidation of Reserves and Reserve Funds as appropriate
- Treasurer (or Delegate)
 1. Provide recommendations for the establishment, closure or consolidation of Reserves and Reserve Funds
 2. Provide analysis and recommendations on the adequacy of Reserves and Reserve Funds
 3. Manage Reserves and Reserve Funds in accordance with legislation, municipal financing strategies and approved commitments
 4. Provide long range financial planning recommendations to link the capital and asset management plan with the reserve and reserve fund plans
 5. Prepare reporting to meet legislated requirements, to include in annual financial statements and to present to Council on a regular basis
- Clerk (or Delegate)
 1. Plan for long term asset management replacement and rehabilitation with consideration for minimizing general tax levy
 2. Provide knowledge to guide long term planning
 3. Consult with Treasurer regarding any deviation from Council approved contributions to and withdrawals from reserves and reserve funds for the intended purposes and report such deviations to Council where appropriate

Review

- This Policy shall be presented to Council for review and update, if applicable, every four years, in the first year of each elected Council, or as deemed necessary by Council or the Township Treasurer

Allocation of Operating Surplus/Deficit

- Any audited year-end general levy budget surplus be allocated to the municipality's reserve for Capital Expense (Working Capital).
- Any audited year-end general levy budget deficit be funded by the following fiscal years general levy budget as per Section 290 (4) (c) of the Municipal Act, 2001

Reserve and Reserve Fund breakdown attached as Schedule "A"

