



City of St. Albert  
**CITY COUNCIL POLICY**

Financial Reserves

AUTHORITY	APPROVED	REVISED	REVISED	REVISED
City Council	Res. No. mm dd	Res. No. mm dd	Res. No. mm dd	Res. No. mm dd
	C181-2003 03 17	C400-2004 08 16	C571-2008 10 06	
		C187-2005 05 02	C401-2009 06 29	
		C355-2006 07 04	C506-2009 09 08	
		C211-2007 04 16	C561-2010 09 27	
		C291-2007 05 22	C443-2011 07 04	
		C557-2008 09 22		

### Purpose

To establish specific reserves to provide for emergent financial needs, stabilize tax rates, to set aside funds for the replacement of existing equipment, facilities and future projects and to minimize the debt financing needs of the Corporation.

### Policy

The City of St. Albert recognizes that the ongoing commitment of funds to specific reserves provides for property tax stabilization, contingency funding, and reduces the need for debt financing.

All operating and capital reserves will be established as follows:

### Responsibilities

The establishment of, contributions to, and withdrawals from, a specific reserve shall be approved by City Council through resolution or bylaw in accordance with the Municipal Government Act. This may be either as part of the overall budget review and approval process or by resolution on an as needed basis.

The annual budget document approved by City Council shall include separate statements for reserves and provide estimated additions and uses for the budget period.

### Standards

1. Administration of all reserves will be carried out by the City Manager or his designate.
2. Transfers to reserves will be restricted to the following sources:
  - a. Appropriations from operating or surplus accounts as approved by Council.
  - b. Direct cash receipts such as grants, sale of fixed assets and land, or any other cash receipts as authorized by Council.
  - c. Investment income earned on reserve funds will be added to reserves according to the schedules.



3. Transfers from reserves shall be as outlined within the Reserve Policy Schedules and approved by Council.
4. Interest earnings are intended to be applied to reserves only if:
  - a. there are external requirements based on legislation or agreements; or
  - b. required to assist in offsetting the effects of inflation;

The interest rate earned by the reserve will be calculated at the end of the month based on the reserve balance at that time. The interest rate used will be the net weighted average earnings on the City's cash and investments that month, which is equivalent to the City's short-term investment rate.

Each reserve schedule will identify whether the reserve is interest bearing or not.

5. Where the City chooses to borrow internally from reserves to reduce the overall impact of external borrowing, the interest rate used shall be the 3-year Alberta Capital Finance Authority (ACFA) rate. This internal borrowing rate will be reset at the beginning of each calendar year for all new and outstanding loans, if there is a change in interest rates greater than one percent from the last rate set by the City.
6. Where appropriate, each reserve will be supported by a 10-year projection for receipt and disbursement of funds. These projections will be updated annually as part of the budget process.
7. This policy along with the approved reserve schedules and balances will be reviewed by Administration annually.
8. Reserve reporting will form a part of the quarterly and annual financial statements and significant transactions affecting these will be highlighted in the comments.

### **Reserve Schedules**

- O1 Stabilization
- O2 Operating Carry Forwards
  - a. Operating Carry Forward Fund
  - b. Outside Agencies Carry Forward Fund
  - c. Children's Festival Fund
- O3 Insurance Risk
- O4 Automated Traffic Enforcement Technology – Speed on Green
- O5 LRT/BRT Reserve
- C1 Internal Financing

---

**Cross References:** Policy C-CG-01, Council's Vision, Mission and Values; Policy C-CAO-04, CAO Limitations on Financial Planning and Budgeting; Policy C-CAO-05, CAO Limitations on Financial Conditions and Activities; C-CAO-07, CAO Limitations on Asset Protection

---



- C2 Major Recreational Lands & Facilities
  - a. Major Recreational Facilities Fund – City Wide
  - b. Major Recreational Facilities Fund – Neighbourhood
  - c. Parkland Fund
  
- C3 Transportation
  - a. General Transportation Fund
  - b. Public Transit Fund
  
- C4 Lifecycle
  - a. Equipment Replacement Fund
  - b. Emergency Services Equipment Replacement Fund
  - c. Office Systems Replacement Fund
  - d. Facilities Refurbishment Fund
  - e. Arden Theatre Repair and Refurbishment Fund
  - f. Servus Credit Union Place Replacement and Refurbishment Fund
  - g. Aquatics Facility Refurbishment Fund
  - h. Public Art Lifecycle and Maintenance Fund
  
- C5 Utilities
  - a. Water Fund
  - b. Wastewater Fund
  - c. Solid Waste Management Fund
  - d. Storm Fund
  
- C6 Capital Asset Revolving Fund
  - a. Revolving Land Fund
  - b. Facilities Fund
  
- C7 Capital Funding Reserve
  - a. Capital Carry Forward Fund
  - b. Capital Fund
  - c. Outside Agencies Capital Fund
  
- C8 Library Collection Reserve Fund



## Financial Reserves – Schedule 01

<b>Type:</b>	Operating Reserve
<b>Name:</b>	Stabilization
<b>Purpose:</b>	To provide funds for non-recurring, one-time expenditures or losses of revenue that will not be built into the base operating budget in future years.
<b>Source of Funding:</b>	<ul style="list-style-type: none"> <li>a) An annual transfer as determined by Council.</li> <li>b) Transfer of annual surpluses remaining after any Council approved transfers to reserves as part of the year end process.</li> <li>c) Other sources as approved by Council.</li> </ul>
<b>Ceiling:</b>	2% of the annual municipal operating budget.
<b>Application:</b>	Funds from this reserve will be used for stabilizing budgetary impacts resulting from abnormal snow removal and/or turf maintenance costs, fluctuating interest rates, declines in building & development revenues, increased utility costs or other extraordinary items that would result in an overall deficit to the municipal operation.
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	No, interest accrues to General Fund.

	<b>Resolution No:</b> mm dd
Approved by Council:	C647-2002 11 18
Revised:	C187-2005 05 02



## Financial Reserves – Schedule 02

<b>Type:</b>	Operating Reserve
<b>Name:</b>	Operating Carry Forwards
<b>Purpose:</b>	To provide funds for specific operating programs and projects not completed by year end, to build funding for future non-annual programs such as elections & census.
<b>Funds:</b>	<ol style="list-style-type: none"><li>Operating Carry Forward Fund</li><li>Outside Agencies Carry Forward Fund</li><li>Children's Festival Fund</li></ol>
<b>Source of Funding:</b>	<ol style="list-style-type: none"><li>Unspent portion of the annual operating budget pertaining to the specific program or project being carried forward as approved by Council.</li><li>Annual budgeted transfers as approved by Council.</li><li>Monies raised through fundraising specific to the Children's Festival.</li></ol>
<b>Ceiling:</b>	N/A
<b>Application:</b>	<ol style="list-style-type: none"><li>To fund expenditures approved by Council in a previous year that are to be completed in the subsequent year.</li><li>To use funds remaining from the Games Legacy Awards and Preventive Social Services Reserves for one-time expenditures within the spirit of the original reserve policies.</li><li>To build funding for non-annual programs such as census, elections, etc.</li><li>The funds in the Children's Festival Fund are to be used specifically for the Children's Festival.</li></ol>
<b>Duration:</b>	<ol style="list-style-type: none"><li>Projects not completed in the fiscal year they were budgeted will be either cancelled or carried forward subject to approval by Council as part of the year-end financial statements approval process.</li><li>Any project that has not been completed within one year of being carried forward will be automatically cancelled unless decided otherwise at the discretion of the City Manager.</li></ol>
<b>Interest Bearing:</b>	The Children's Festival Fund is interest bearing. Interest earned on the other funds accrues to the General Fund.



## Financial Reserves – Schedule 02

	<b>Resolution No:</b>	<b>mm</b>	<b>dd</b>
Approved by Council:	C181-2003	03	17
Revised:	C187-2005	05	02
	C561-2005	11	07
	C291-2007	05	22
	C557-2008	09	22



## Financial Reserves – Schedule 03

<b>Type:</b>	Operating Reserve
<b>Name:</b>	Insurance Risk
<b>Purpose:</b>	To provide funds for unexpected increases in property/casualty premiums and/or claims payments.
<b>Source of Funding:</b>	<ul style="list-style-type: none"><li>a) An annual transfer as determined by Council.</li><li>b) Transfer of annual surpluses remaining after any Council approved transfers to reserves as part of the year end process.</li><li>c) Surplus funds left over from unspent budgeted claims expense dollars.</li><li>d) Other sources as approved by Council.</li></ul>
<b>Ceiling:</b>	Up to the 95 <sup>th</sup> percentile of the claims retention fund as indicated in the most current loss projection analysis report provided by an external consultant.
<b>Application:</b>	The Insurance Risk Reserve will be used for stabilizing budgetary impacts resulting from sudden and unexpected increases in property/casualty insurance premiums or from losses that exceed the claims retention fund.
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	No, interest accrues to General Fund.

Resolution No: mm dd  
Approved by Council: C401-2009 06 29  
Revised:



## Financial Reserves – Schedule 04

<b>Type:</b>	Operating
<b>Name:</b>	Automated Traffic Enforcement Technology – Speed on Green
<b>Purpose:</b>	To provide funds for programs, projects or initiatives that will maintain or upgrade equipment used for the Automated Traffic Enforcement Technology program (Speed on Green) or would further enhance traffic safety within the community.
<b>Source of Funding:</b>	An annual transfer approved by Council as part of the year end process of an amount equal to 50% of net proceeds of operating the Speed on Green Program.
<b>Ceiling:</b>	N/A
<b>Application:</b>	<p>Funding for the following priority purposes, as approved by Council:</p> <ol style="list-style-type: none"> <li>1. Lifecycle maintenance/upgrades related to the program (i.e. replacement of loops, line markings)</li> <li>2. Technology Upgrades to existing Speed on Green/Red light Camera infrastructure</li> <li>3. Intersection/Traffic Corridor analysis/study to determine safety issues &amp; best mitigation practice.</li> <li>4. Infrastructure improvements as may be recommended through the above noted analysis/studies.</li> <li>5. Other capital investments that work towards improving community traffic safety.</li> </ol>
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	No, interest accrues to General Fund.
<b>Approved by Council:</b> <b>Revised:</b>	<b>Resolution No: mm dd</b> C506-2009 09 08



## Financial Reserves – Schedule 05

<b>Type:</b>	Operating
<b>Name:</b>	LRT/BRT Reserve
<b>Purpose:</b>	To provide funds for an LRT/BRT into St. Albert.
<b>Source of Funding:</b>	a) An annual transfer as approved by Council equal to \$1 per \$100,000 of assessment. b) Other sources as approved by Council.
<b>Ceiling:</b>	N/A
<b>Application:</b>	Funds from this reserve will be used to accommodate initiatives to bring an LRT/BRT into St. Albert.
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	No, interest accrues to General Fund.

**Resolution No:** mm dd

Approved by Council: C561-2010 09 27  
Revised:



## Financial Reserves – Schedule C1

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Internal Financing
<b>Purpose:</b>	To provide funds for internal financing of general municipal capital projects thereby improving the City's overall net financial position.
<b>Source of Funding:</b>	<ul style="list-style-type: none"> <li>a) An annual transfer as determined by Council.</li> <li>b) Transfers equal to repayment of principal for approved projects with interest equivalent to the Alberta Capital Finance Authority rate at the time of borrowing.</li> <li>c) Other transfers as approved by Council.</li> </ul>
<b>Ceiling:</b>	N/A
<b>Application:</b>	Funds from this reserve will be used to internally finance or fund capital projects as approved by Council.
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	Yes

	Resolution No:	mm	dd
Approved by Council:	C181-2003	03	17
Revised:	C187-2005	05	02
	C355-2006	07	04
	C557-2008	09	22



## Financial Reserves – Schedule C2

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Major Recreational Lands & Facilities
<b>Purpose:</b>	To provide funds for the purchase of and or development of recreational lands and facilities. Recreational facilities may include both replacement and new. (For developers contributions the facilities must be new or major enhancements).
<b>Funds:</b>	<ul style="list-style-type: none"> <li>a. Major Recreational Facilities – City Wide Fund</li> <li>b. Major Recreation Facilities – Neighbourhood Fund</li> <li>c. Parkland Fund</li> </ul>
<b>Source of Funding:</b>	<ul style="list-style-type: none"> <li>a. “City Wide” and “Neighborhood” contributions are received on a per residential unit basis as agreed to by Council and developers under Capital Recreation Contribution agreements.</li> <li>b. “Parkland Fund” contributions are received through               <ul style="list-style-type: none"> <li>i) surplus proceeds from the sale of reserve lands and</li> <li>ii) payment in lieu of reserve land dedication to meet the cost of acquiring and developing public use lands as prescribed in the <i>Municipal Government Act</i>.</li> </ul> </li> <li>c. Other revenues as approved by Council.</li> </ul>
<b>Ceiling:</b>	N/A – based on rate of development and contributions associated with development, sale of reserve lands and the City's recreational needs.
<b>Application:</b>	The reserve is used to fund capital acquisition, development, or major enhancement, of public use lands, facilities, parks or other recreational areas as approved by Council.
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	Yes
<b>Resolution No: mm dd</b>	
Approved by Council:	C181-2003 03 17
Revised:	C187-2005 05 02
	C557-2008 09 22



## Financial Reserves – Schedule C3

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Transportation
<b>Purpose:</b>	To provide funds for transportation and public transit capital projects.
<b>Funds:</b>	a) General Transportation Fund b) Public Transit Fund
<b>Source of Funding:</b>	General Transportation Fund a) An annual transfer as determined by Council.  Public Transit Fund a) An annual transfer as determined by Council.
<b>Ceiling:</b>	N/A
<b>Application:</b>	The reserve is used to fund:  a) Transportation projects approved by Council. b) The scheduled replacement of Transit buses, facilities and equipment other than mobile equipment. c) Funds are for the replacement of existing equipment with equipment of similar type or capacity. Council approval is required to utilize reserve funds for replacement with equipment of a better quality or with enhanced features and capabilities or the purchase of new equipment which expands fleet.
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	Yes

	Resolution No:	mm dd
Approved by Council:	C181-2003	03 17
Revised:	C187-2005	05 02
	C355-2006	07 04
	C557-2008	09 22
	C561-2010	09 27



## Financial Reserves – Schedule C4

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Lifecycle
<b>Purpose:</b>	To provide funds for the scheduled replacement of the existing mobile equipment, office equipment and emergency services equipment and the refurbishment of City facilities. This reserve will permit the City to remain current with required facilities, equipment and services.
<b>Funds:</b>	<ul style="list-style-type: none"><li>a) Equipment Replacement Fund</li><li>b) Emergency Services Equipment Replacement Fund</li><li>c) Office Systems Replacement Fund</li><li>d) Facilities Refurbishment Fund</li><li>e) Arden Theatre Repair and Refurbishment Fund</li><li>f) Servus Credit Union Place Replacement and Refurbishment Fund</li><li>g) Aquatics Facility Refurbishment Fund</li><li>h) Public Art Lifecycle and Maintenance Fund</li></ul>
<b>Source of Funding:</b>	<ul style="list-style-type: none"><li>a) Annual transfers as approved by Council.</li><li>b) Other transfers as approved by Council.</li><li>c) For the Servus Credit Union Place Replacement and Refurbishment Fund, sources of funding may also include donations, corporate investments, and unconditional and matching grants.</li><li>d) For the Public Art Lifecycle and Maintenance Fund, between .5 to 1% of the cost of all new buildings and major restorations of City-owned buildings and building project costs.</li></ul>
<b>Ceiling:</b>	N/A – based on the projected requirements of the replacement and refurbishment plans.
<b>Application:</b>	<ul style="list-style-type: none"><li>a) To provide the necessary funds for the scheduled replacement of mobile, office and emergency services equipment. Mobile equipment includes Public Works, Fire Services and all other vehicles and equipment with the exception of Transit buses. Office Equipment includes file servers, computers not leased, operating system software, photocopiers, fax machines, printers and the audio-visual equipment in Council Chambers. Emergency Services Equipment includes all equipment identified by Fire &amp; Ambulance, and Police Services scheduled for replacement.</li><li>b) To fund capital projects that are related to the refurbishment of City facilities.</li></ul>



- c) Funds are for the replacement of existing equipment with equipment of a similar type or capacity. Council approval is required to utilize reserve funds for replacement with equipment of a better quality or with enhanced features and capabilities or the purchase of new equipment which expands the fleet.
- d) To fund public art acquisition, public art lifecycle preservation, and public art maintenance.

**Duration:** Ongoing

**Interest Bearing:** Yes

	<b>Resolution No: – mm dd</b>	
Approved by Council:	C181-2003	03 17
Revised:	C187-2005	05 02
	C355-2006	07 04
	C557-2008	09 22
	C571-2008	10 06



## Financial Reserves – Schedule C5

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Utilities
<b>Purpose:</b>	To provide funds for the expansion, refurbishment or replacement of the City's utility infrastructure.
<b>Funds:</b>	<ul style="list-style-type: none"> <li>a) Water Fund</li> <li>b) Wastewater Fund</li> <li>c) Solid Waste Management Fund</li> <li>d) Storm Fund</li> </ul>
<b>Source of Funding:</b>	<ul style="list-style-type: none"> <li>a) Transfers from the Utility Operating Budgets as approved by Council as part of the annual budget process.</li> <li>b) One-time revenues or cost recoveries that pertain to the administration of the City's utilities, (i.e. water refunds from EPCOR).</li> <li>c) Other transfers as approved by Council.</li> </ul>
<b>Ceiling:</b>	N/A
<b>Application:</b>	To fund capital projects that are related to the water, sanitary sewer, storm sewer or waste utilities. The capital projects may be new or expansion in nature or related to the refurbishment or replacement of the utility infrastructure.
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	Yes
<b>Resolution No: mm dd</b>	
Approved by Council:	C181-2003 03 17
Revised:	C187-2005 05 02
	C557-2008 09 22
	C561-2010 09 27



## Reserve Policy – Schedule C6

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Capital Asset Revolving Fund
<b>Purpose:</b>	To provide funds for: <ul style="list-style-type: none"> <li>a) Sustainable ongoing development of commercial and industrial lands; and</li> <li>b) Purchase of City facilities other than for recreation purposes</li> <li>c) Purchase of land for municipal purposes</li> </ul>
<b>Funds:</b>	<ul style="list-style-type: none"> <li>a) Revolving Land Fund</li> <li>b) Facilities Fund</li> </ul>
<b>Source of Funding:</b>	<ul style="list-style-type: none"> <li>a) An annual transfer as determined by Council.</li> <li>b) May allocate non-residential property tax revenues generated from within the newly developed lands.</li> <li>c) Sale of properties and facilities</li> <li>d) Net proceeds of the disposition of road right of ways</li> <li>e) Other transfers as approved by Council.</li> </ul>
<b>Ceiling:</b>	N/A
<b>Application:</b>	<ul style="list-style-type: none"> <li>a) To provide funds to purchase land and service non-residential development.</li> <li>b) To purchase City facilities other than for recreation purposes.</li> <li>c) To purchase land for municipal purposes</li> </ul>
<b>Duration:</b>	Ongoing
<b>Interest Bearing:</b>	Yes

	Resolution No:	mm	dd
Approved by Council:	C181-2003	03	17
Revised:	C187-2005	05	02
	C557-2008	09	22
	C443-2011	07	04



## Reserve Policy – Schedule C7

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Capital Funding
<b>Purpose:</b>	<p>To carry over to a subsequent year Pay-As-You-Go funding for capital projects not completed in the year budgeted.</p> <p>To build funds for deferred and sustaining capital requirements to appropriately protect and rehabilitate the existing infrastructure.</p>
<b>Funds:</b>	<ul style="list-style-type: none"> <li>a) Capital Carry Forward Fund</li> <li>b) Capital Fund</li> <li>c) Outside Agencies Capital Fund</li> </ul>
<b>Source of Funding</b>	<ul style="list-style-type: none"> <li>a) Unspent portion of Pay-As-You-Go capital funding pertaining to a specific project being carried forward as approved by Council.</li> <li>b) Other transfers as approved by Council.</li> </ul>
<b>Ceiling:</b>	N/A.
<b>Application:</b>	<ul style="list-style-type: none"> <li>a) To fund Pay-As-You-Go capital projects approved by Council in a previous year that are to be completed in the subsequent year.</li> </ul>
<b>Duration:</b>	Projects not completed in the fiscal year they were budgeted will be either cancelled or carried forward subject to approval by Council as part of the year-end financial statements approval process.
<b>Interest Bearing:</b>	No, interest accrues to General Fund.

	Resolution No:	mm dd
Approved by Council:	C181-2003	03 17
Revised:	C187-2005	05 02
	C557-2008	09 22



## Reserve Policy – Schedule C8

<b>Type:</b>	Capital Reserve
<b>Name:</b>	Library Collection Reserve
<b>Purpose:</b>	To establish a fund to collect grants, donations and other sources of fundraising to build a book and audiovisual collection for the new Library (Branch).
<b>Source of Funding:</b>	<ol style="list-style-type: none"><li>1. Friends of the Library</li><li>2. Donations received from citizens or businesses</li><li>3. Fundraising revenue</li><li>4. Unconditional grants</li><li>5. Transfers of operating or capital surpluses as approved by Council.</li><li>6. Other transfers as approved by Council.</li></ol>
<b>Ceiling:</b>	N/A.
<b>Application:</b>	To fund the acquisition of books and audiovisual material for a new Library Branch and other capital projects approved by Council.
<b>Duration:</b>	Ongoing.
<b>Interest Bearing:</b>	Yes

	<b>Resolution No:</b>	<b>mm</b>	<b>dd</b>
Approved by Council:	C211-2007	04	16
Revised:	C557-2008	09	22

