



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

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Title: Reserve Fund Policy, Staff Report FIN-24-014

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Attachments: 1. Council Policy FIN-22 Reserve Funds.pdf

Date	Ver.	Action By	Action	Result
6/24/2024	1	Council		

TOWNSHIP OF ESQUIMALT STAFF REPORT

MEETING DATE: June 24, 2024

Report No. FIN-24-014

TO: Council

FROM: Ian Irvine, Director of Financial Services

SUBJECT: Reserve Fund Policy

RECOMMENDATION:

That Council approve Council Policy FIN-22 Reserve Funds as attached to Staff Report FIN-24-014.

EXECUTIVE SUMMARY:

Information about Township reserves has been provided to Council during the annual budget process. The *Community Charter* requires documentation of policies and objectives related to funding sources, including reserves, but it does not specify the form this documentation should take. Previously, this information was incorporated in a single document and attached to the annual financial plan. This new Council Policy is intended to separate the policies, objectives and other relevant information related to reserves to facilitate easier review and still satisfy the statutory requirements.

BACKGROUND:

Information about the Township's reserve funds and accounts is communicated during the annual budget process. Typically, Council receives staff presentations, copies of relevant bylaws, and a summary of fund names and year end balances. The policies and objectives relating to reserve funds and accounts have been reviewed and approved as part of a single, consolidated document.

As part of the 2024 budget process, staff prepared a new Council Policy FIN-23 Financial Sustainability, Revenue and Tax document. Similar to previous years, this document was attached as a schedule to the Financial Plan Bylaw. While no significant policy changes were made to this document, information about the Township's reserves was removed and inserted into a newly created reserve fund policy which is attached to this report.

ANALYSIS:

During the adoption of the 2024-2028 Financial Plan Bylaw, Council Policy FIN-23 Financial Sustainability, Revenue and Tax was approved. The most significant change was the removal of reserve fund and account information. The Council Policy FIN-22 Reserve Funds has been created to capture the policy and objectives details that were removed and, at the same time, provide additional information about each reserve and its permitted or intended use.

While reserves are discussed during the annual budget process, the creation of a separate reserve fund policy would provide more fulsome information to facilitate a greater understanding of these funding sources. The *Community Charter* requires that policies and objectives about the various funding sources be attached to the financial plan. To satisfy this requirement, a separate reserve fund policy could be attached similarly to Council Policy FIN-23 Financial Sustainability, Revenue and Tax. This approach would be consistent with other municipalities within the region.

While the reserve fund information is relevant, there is no statutory requirement to establish a separate policy document. The decision can be made to incorporate this information into the current Council Policy FIN-23 Financial Sustainability, Revenue and Tax document. This would allow for the consolidation of information but would result in a larger, more cumbersome single document that needs to be reviewed by Council each year.

OPTIONS:

1. That Council approve Council Policy FIN-22 Reserve Funds as attached to Staff Report FIN-24-014.
2. That Council does not approve Council Policy FIN-22 Reserve Funds and directs staff to incorporate the policy information into the existing Council Policy FIN-23 Financial Sustainability, Revenue, and Tax document.
3. That Council amend Council Policy FIN-22 Reserve Funds and approve the document as amended.

COUNCIL PRIORITY:

Good Governance

FINANCIAL IMPACT:

There are no financial impacts with this decision.

COMMUNICATIONS/ENGAGEMENT:

This shift and the creation of a new reserve fund policy was communicated during the 2024 budget process.

TIMELINES & NEXT STEPS:

The approved policy document and year end fund and account balances will be provided to Council each year as part of the budget process. This information will also be provided to Council each time the policy is amended.

REPORT REVIEWED BY:

1. Deb Hopkins, Director of Corporate Services, Reviewed
2. Dan Horan, Chief Administrative Officer, Concurrence

LIST OF ATTACHMENTS:

1. Council Policy FIN-22 Reserve Funds