


<b>Reserve Policy - Tax Stabilization Reserve</b>		<b>Corporate Services Department</b>
Policy No: XXX - X		
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<b>POLICY STATEMENT</b>	This Policy sets out the guidelines for the sources, uses and appropriate target level for the balance in the Tax Stabilization Reserve.
<b>PURPOSE</b>	<p>The Tax Stabilization Reserve was established to prevent significant fluctuations in the operating budget general tax levy and to help the City manage its cash flow by providing a source of funding to offset extraordinary and unforeseen expenditures, to fund one-time expenditures, to offset revenue shortfalls and to provide for various contingent and potential future liabilities.</p> <p>This reserve is not intended to be a funding source for general operations.</p>
<b>SCOPE</b>	This Policy applies to all City employees that manage financial resources.
<b>PRINCIPLES</b>	<p>The following principles apply to this Policy:</p> <p><b>Authority:</b></p> <ul style="list-style-type: none"> <li>• All uses of the funds in the Tax Stabilization Reserve must be approved by City Council either by a budget submission, by a separate Council report or by a motion of City Council.</li> <li>• Staff in the operating departments must make a request to the Financial Planning and Policy Division of the Corporate Services Department responsible for reserves for approval to use the Tax Stabilization Reserve. All relevant information is to be included with the request.</li> <li>• The General Manager of Finance and Corporate Services has the authority to recommend the use of the tax stabilization reserve or other reserves to fund expenses or revenue shortfalls.</li> </ul> <p>The <b>source of funds</b> that are to be transferred to this reserve include:</p> <ul style="list-style-type: none"> <li>• Year-end tax operating budget surplus, subject to final approval of the City Administration’s report by Council</li> <li>• Repayment of principal plus interest for any internal borrowings from the reserve as per policies and procedures</li> <li>• Remaining balances in operating reserves approved for closure.</li> <li>• Investment income earned on the reserve’s balance as per policies and procedures</li> </ul>

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	<p>The <b>use of funds</b> from this reserve is permitted if other sources of funding are not available. Uses may include:</p> <ul style="list-style-type: none"><li>• extraordinary and unforeseen operating expenditures.</li><li>• operating revenue shortfalls.</li><li>• operating program phase-ins, pilot programs and one-time expenditures</li><li>• operational reviews and departmental reorganizations.</li><li>• borrowing to fund operating budget programs or special requests.</li></ul>		
<b>RESERVE BALANCE TARGET LEVEL</b>	<p>The balance in the reserve has a target level %, target level \$ and ceiling as follows:</p> <p>Target Level %: 5% of the previous year's tax levy for City purposes only (excluding Police and Library).</p> <p>Target Level \$: \$28 million (based on 2013 tax levy)</p> <p>Ceiling: 10% of the previous year's tax levy for City purposes only (excluding Police and Library).</p>		
<b>GOVERNING LEGISLATION</b>	There is no legislation governing the use of this reserve.		
<b>RESPONSIBILITY FOR THE POLICY</b>	Corporate Services Department Director of Financial Planning and Policy		
<b>POLICY HISTORY</b>	This reserve policy replaces the general reserve policies that were approved by Council in October 2005 in Report FCS0511.		