Summer Village of South View

Council Policy

Number	Title		
C-FIN-RES-1	**Restricted Surplus & Reserves**		
Approval	**Approved**		**Last Revised**
(CAO initials)	Resolution No:		Resolution No:
	Date:		Date:

Purpose

To assist the Summer Village in being financially secure. As per Auditor recommendation, the municipality's goal will be to have the equivalent of at least one year's operating funds as the amount of total reserves/unrestricted surplus collected.

Policy Statement

The Summer Village of South View recognizes the need to maintain and manage the reserve funds that:

1. Minimize the financial exposure of the municipality from unanticipated fluctuations in operating activities.
2. Maintain and improve the Summer Village's working capital requirements.
3. Provide for future operating and capital requirements.
4. Address the overall current and future initiatives of the Summer Village.

Standards

1. Reserves are established to meet specific circumstances that have a reasonable likelihood of being realized.
2. The requirement for each reserve and their amounts will be reviewed annually.
3. All reserves, as allocated, will be fully funded.
4. Operating Reserves:
    a. The purpose of maintaining operating reserves is to:
        i. Meet unexpected operational needs of the Summer Village (this may relate to changes in either operating revenues or operating expenditures); and
        ii. Smooth out the unpredictable nature of certain expenditures (i.e. weather driven expenditures).
5. Capital Reserves:
    a. The purpose of Capital Reserves is to:
        i. Establish a systematic method of capital equipment/infrastructure replacements that emphasizes the long-term annual expense of equipment/infrastructure rather than sporadic expenditures for equipment; and

ii.   Encourage long-term planning for new capital needs and a systematic method of financing for those needs.

Legal References: MGA 244

Revisions:

Resolution Number	MM/DD/YY