	POLICY		NO.	25-02
	POLICY TITLE: Managing Reserve Funds		EFFECTIVE DATE:	July 21, 2025
			APPROVAL DATE:	July 21, 2025
			Date Amended:	Resolution No.:

1.0 PURPOSE

To ensure the Resort Village of Kivimaa – Moonlight Bay’s financial stability and flexibility by setting aside funds for unforeseen events and opportunities, major capital expenditures, and to support operational fluctuations and asset management.

2.0 POLICY

2.1 The Village creates reserve funds to ensure its long-term financial stability in sustaining service delivery and growth. Reserve funds provide financial flexibility, ensure stable and predictable funding, safeguard and optimize existing assets, and provide contingency funding in emergencies.

2.2 All contributions to and withdrawals from reserves and reserve funds require Council approval.

2.3 Council may allocate reserve funds through the annual budget process or by resolution of Council.

2.4. Funding levels are set for each reserve or reserve fund, reviewed annually, and adjusted as needed to ensure adequacy for future obligations.

2.5 Reserve management aligns with best practices, generally accepted accounting principles, and relevant legislation.

3.0 GOVERNANCE

3.1 This policy applies to all Village reserve funds except those governed explicitly by other legislation.

3.2 The Chief Administrative Officer, per Bylaw 06/23 *The Administration Bylaw* and *The Municipalities Act*, ensures the Village’s reserve funds are created, amended,

administered and closed in compliance with this policy and practices that align with the required legislation.

3.3 Reserve funds will be regularly reported to Council through:

- A reserve fund report; and
- A reserve continuity schedule that will include year-to-date balances and committed reserve transactions that have not yet occurred.

3.4 Reserves are identified as capital or operating, with a specific purpose, regulatory or third-party requirement. A new reserve is considered where funds must be internally or externally restricted to serve a predetermined requirement. Reserve funds will be maintained in the following categories and sub-categories:

- Internally Restricted Reserves:
 - (a) Municipal Tax Stabilization Reserves;
 - (b) Municipal Lifecycle (Repair, Maintenance, and Replacement) Reserves
 - (c) Municipal Specific Purpose Reserves; and
 - (d) Municipal Capital Projects Reserves.
- Externally Restricted Reserves:
 - (a) Municipal Reserves as per *The Municipalities Act*.

3.5 Reserve account balances are determined based on the purpose of the reserve in question. Each required reserve balance must be substantiated with data evidence that speaks to Village obligations necessitating the amounts required.

3.6 Transfer to and from reserves will be carried out by the Administrator upon the approval of:

- Council through a resolution of Council;
- Council through the approval of the annual budget; or
- The Administrator in relation to interest income earned on reserves as required by policy and practices; and
- The Administrator in the case of an externally restricted reserve as required by the relevant legislation.

3.7 Administration will review reserve balances as part of regular financial reporting.

3.8 Annual surpluses from the Village's operating budget are transferred to the Tax Stabilization Reserve. This transfer does not require Council approval.

3.9 Withdrawals or transfers from a reserve must not exceed the reserve fund balance.

3.10 All reserve funds are invested in interest-bearing instruments regulated by *The Municipalities Act*. Reserve funds cannot be invested for a term exceeding their expected need date.


3.11 Interest income from reserve fund investing activities will accrue to a specific reserve if the reserve is required by regulation or a third part. Otherwise, all interest income is retained the Village's general revenue account.

4.0 REVIEW DATE

This policy has a life of 3 year or less at the discretion of the current Council. It will be reviewed, no later than July 31, 2028.



Mayor Signature



Council Meeting Date