

City/Town/Community of _____, PEI
A Bylaw to Regulate Reserve Funds
Bylaw # 20XX – XX

WHEREAS this Bylaw is made under the authority of Section 45 of the *Municipalities Act*, Chapter M-13, R.S.P.E.I. 1988, which provides that a municipality may establish, by bylaw, one or more reserve funds in the name of the municipality for any municipal purpose;

AND WHEREAS the City/Town/Community of _____ deems it necessary and desirable for the purposes of transparency and accountability to the public to establish one or more reserve funds for efficient financial planning purposes;

AND WHEREAS the authority for such reserve funds and the purpose for which they are established is to be clear and transparent in all cases;

AND WHEREAS the City/Town/Community of _____ desires to consolidate the authority for all reserve funds into one bylaw;

THEREFORE IT IS ENACTED by the Council of the City/Town/Community of _____ enacts as follows:

1.0 Title

This bylaw shall be known and cited as the “Reserve Funds Bylaw”.

2.0 Definitions

- 2.1 “Reserve fund” means money set aside for a specific purpose by approval of Council.

3.0 Principles

The principles regarding reserve funds are as follows:

- 3.1 Reserve funds are important long term financial planning tools.
- 3.2 Reserve funds must be used to promote sound fiscal stewardship and management.
- 3.3 Reserve funds provide resources for balancing the use of long-term debt to provide for reoccurring or anticipated expenditures, such as capital projects, , insurance payments, legal expenses or operating contingencies.

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- 3.4 Reserve funds are intended to maintain a prudent level of financial resources to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures.
- 3.5 Money set aside in reserve funds must only be approved by Council for the purposes identified in this bylaw and as authorized by the Reserve Fund Policy that governs each reserve fund adopted by Council.
- 3.6 The Chief Administrative Officer (CAO) will administer and monitor all transactions involving reserve funds.

4.0 Criteria and Conditions for Reserve Fund Contributions, Transfers, Withdrawals

- 4.1 The reserve funds listed in Column I of Schedule A to this bylaw are hereby established and Council shall deposit money into them as allocated by the Council for the purpose(s) described in each “Reserve Fund Policy” established by Council.
- 4.2 Any interest derived from a reserve fund is reported as revenue fund earnings and shall be considered part of the fund.
- 4.3 All withdrawals from the reserve fund must be approved by a resolution of Council.
- 4.4 All contributions and/or withdrawals from each reserve fund must be approved by Council either generally as part of the annual budget approval process or specifically by resolution at a duly constituted meeting of the Council. Council is required to approve all transactions related to reserve funds in accordance with the reserve fund policies established by Council.

5.0 Closure of Reserve Funds

- 5.1 Money deposited into a reserve fund must remain in the reserve fund until such time as Council determines the following:
 - That the purpose for which the reserve fund was established has been achieved
 - That the reserve fund is no longer required to achieve the long term financial planning goals of Council
 - That the money set aside in a reserve fund would be better used for an alternate purpose

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5.2 If Council determines that a reserve fund be closed, Council must, by resolution, close the reserve fund and must amend Schedule “A” of this Reserve Fund Bylaw to reflect the closure date of the reserve fund. Any closure of a reserve fund must be documented in column 2 of Schedule “A”. Schedule “A” is considered to be part of this Bylaw and may only be altered by amendment of this Reserve Fund Bylaw.

6.0 Reporting

6.1 Reserve fund balances, projected contributions, and planned expenditure withdrawals must be presented with the annual budget and in the year-end financial statements.

7.0 Approval

First Reading:

This Reserve Fund Bylaw was read a first time at the Council meeting held on the _____ day of _____, 20XX.

This Reserve Fund Bylaw was approved by a majority of Council members present at the Council meeting held on the _____ day of _____, 20XX.

Second Reading:

This Reserve Fund Bylaw was read a second time at the Council meeting held on the _____ day of _____, 20XX.

This Reserve Fund Bylaw was approved by a majority of Council members present at the Council meeting held on the _____ day of _____, 20XX.

Adoption and Approval by Council:

This Reserve Fund Bylaw was adopted by a majority of Council members present at the Council meeting held on the _____ day of _____, 20XX.

This Reserve Fund Bylaw # 20XX-XX is declared to be passed on this the _____ day of _____, 20XX.

Mayor/Chair (signature sealed)

CAO (signature sealed)

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Schedule A – Reserve Funds

Note: Council should only keep reserve funds that reflect the funds required currently by the municipality or for purpose identified in a policy or planning strategy established by the municipality. Remove those that do not apply, add any that reflect policy goals of the municipality.

Name	Year Established	Purpose	Date of Fund Closure
Capital Reserve	20XX	To provide for expenditures associated with major construction, maintenance or improvement of a municipal asset	
Capital Infrastructure Reinvestment	20XX	To provide for expenditures associated with the rehabilitation or replacement of existing capital infrastructure	
Insurance	20XX	To provide for costs incurred for insurance coverage and payment of claims	
Library Expansion	20XX	To provide for expenditures related to library expansion, enhancement or improvement	
IRAC and Legal Hearings	20XX	To provide for the cost of legal or administrative costs associated with participation in IRAC hearings or other legal matters	
Parkland Dedication	20XX	To provide for the purchase and development of parkland in developing areas and redeveloping areas and/or supports the upgrading of existing parks/facilities (neighbourhood or community) provided the need to upgrade is due to intensification of the surrounding neighbourhood	
Protective Services (Fire as well as Policing if applicable)	20XX	To provide for the replacement of existing protective services equipment	
Sick Leave and Vacation Liability	20XX	To provide financing for the accumulated sick leave benefit payable to eligible employees upon retirement, termination or death	
Computer/Operating Equipment Replacement	20XX	To provide for the cost of maintenance, repair or replacement of computer and other operating equipment	

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Community Priority and Contingency Reserve	20XX	To provide for unforeseen expenditures that may occur within a year which are not part of the approved budget, but that Council determines to be necessary or of considerable merit	
Economic Development	20XX	To provide one-time funding for opportunities to enhance the business environment and to create a catalyst to stimulate and support continued economic growth	
Facilities Maintenance	20XX	To provide funds for emergency maintenance requirements at municipal facilities not funded through the Capital Reserve Fund	
Recreation and Facility Services	20XX	To provide funding to support ongoing equipment replacement and enhancement at recreation facilities	
Emergency Management	20XX	To provide funds for costs incurred in clean-up after a disaster that cannot be accommodated in the operating budget and for future-proofing the municipality against the costs resulting from a disaster to minimize financial implications	
Elections	20XX	To provide annual contributions for costs associated with municipal elections	

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