

# Report to Council



**Date:** July 26, 2021  
**To:** Council  
**From:** City Manager  
**Subject:** Financial Reserves Policy  
**Department:** Financial Services

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## **Recommendation:**

THAT Council receives, for information, the report from Financial Services dated July 26, 2021 regarding Financial Reserves Policy;

AND THAT Council adopts Council Policy No. 384, being Financial Reserves Policy as outlined in the report from the Corporate Financial Planning Manager dated July 26, 2021.

## **Purpose:**

To adopt a new Council Policy pertaining to Financial Reserves.

## **Background:**

A financial reserves policy serves to outline the structure for municipal reserve transactions and to ensure financial reserves are maintained in accordance with the Community Charter and the Local Government Act. The Financial Officer and Council are ultimately responsible for municipal reserve oversight and are to ensure the reserve funds are used for the purpose in which the fund was established and legislated.

Reserves form an integral component of the City's annual budget through the strategic financial plan and balance equity between current and future taxpayers. Adoption of this policy will provide reserve guidelines and responsibilities, align financial reserves with the strategies set out in the Council adopted Financial Principles and Strategies and ensure Council and the Financial Officer are responsive to the legislated requirements of reserve funds.

The Financial Services Division administers the City of Kelowna's reserve portfolio. Financial reserve oversight is the responsibility of the Financial Officer with support from the Financial Planning department.

Financial Reserve Policy outcomes are as follows:

- Outline Council and Financial Officer responsibility
- Achieve long-term financial stability
- Balance the costs of maintaining sufficient reserve levels to current and future taxpayers
- Acquire, replace, and renew major capital assets
- Ensure stable, predictable tax and utility levies
- Minimize the financial impact of unusual and unexpected events including but not limited to law enforcement, weather events, insurance claims, tax assessment appeals, environmental hazards and other significant unexpected or emergent issues
- Fund asset retirement obligations

**Conclusion:**

The Financial Reserve Policy provides guidance for the responsibility of reserve oversight. The policy also guides on the use of reserves to support the goal of providing adequate infrastructure, services, and resources to meet community requirements, and to aid in the financial sustainability of the City. The policy sets out guidelines for the use of reserves along with ongoing administration requirements including applications on the establishment of new reserves, reserve transactions, optimum balances, and reserve closures, to ensure the City of Kelowna is in accordance with the legislated responsibility of municipal reserve funds.

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**Considerations applicable to this report:**

Community Charter, Chapter 26  
Principles and Strategies for Financial Strength and Stability

**Considerations not applicable to this report:**

Legal/Statutory Authority:  
Legal/Statutory Procedural Requirements:  
Existing Policy:  
Financial/Budgetary Considerations:

External Agency/Public Comments:  
Communications Comments:

Submitted by: K Hughes, Corporate Financial Planning Manager

**Approved for inclusion:**



Genelle Davidson, Divisional Director Financial Services