

Financial Reserves and Levies

Financial and Business Planning Services

Policy C27



Policy:	C27 – Financial Reserves and Levies
Policy Department(s):	Financial and Business Planning Services
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Policy Purpose

To support the County to accomplish three main goals: achieve property tax stability, contribute to the orderly provision of services and to accommodate future growth needs.

Policy Statement

The County will follow set guidelines for the establishment, allocation and target limits of Reserve funds and Levies, and to ensure that these funds are managed prudently and efficiently achieving maximum return of such funds. In so doing, align Reserves with long-term planning and the desire to meet service levels as set by Council.

Reserve funds and Levies are used to ensure financial stability, mill rate stability, risk mitigation, cash flow smoothing, fund large Capital projects, reduce debt dependence, and generate investment income.

Definitions

"Annual Surplus" means the accumulated excess of revenues over expenditures for the current year.

"Capital" means any tangible asset with an estimated useful life exceeding one (1) year, including: land or buildings; facility construction, renovation, or repair; facility assessment, design, or construction documents to support the projects; furnishings and/or equipment for use at community operated facilities; site improvements.

"Infrastructure" means the fundamental facilities and systems serving the County of Grande Prairie including but not limited to transportation, utility, and communications systems.

"Reserve" means funds created when funds are set aside (designated) for a future purpose.

"Levy" means a financial charge imposed on individuals or entities to generate revenue for a specific purpose or project as defined by the Municipal Government Act and/or Municipal Bylaw.

"Target Amount" means the recommended optimal balance for the Reserve.

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“Deferred Revenue” means revenue that is considered a liability on the municipality’s financial statements, until such time it becomes relevant to current operations, where it is then recognized as revenue in the year the related expense occurred.

Policy Guidelines

1. All Reserve and Levy transactions will be approved by Council motion and subject to applicable bylaws and Municipal Government Act sections.
2. All Reserves and Levies will be administered in accordance with current municipal policies and Public Sector Accounting Standards.
3. All Reserves must fall under operating, Capital or growth Reserve classifications and include a description. The establishment of a new Reserve will require a classification, description and must be approved by Council.
4. Reserves will be funded from internal and external sources as indicated in the Reserve descriptions.
5. Levies will be collected based on bylaw and/or legislation.
6. Reserve and Levy transactions to and from each Reserve will be approved by Council through:
 - 6.1. Existing municipal policies;
 - 6.2. Annual budget process;
 - 6.3. Year-end Reserve request and approval process;
 - 6.4. Approved Reserve and Levy policy description; or
 - 6.5. Council motion.
7. Reserves and Levies collected are not permitted to be in a negative balance unless explicitly stated.
8. Interest earnings will be applied to Reserves which have been deemed interest bearing as indicated in the Reserve descriptions.
9. Reserve levels based on long-range plans to ensure a positive Reserve balance is maintained:
 - 9.1. Fleet 20 years
 - 9.2. Surfaced Roads 20 years
 - 9.3. Bridges 75 years
 - 9.4. Facilities 50 years

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9.5. Water Wastewater Infrastructure 50 years

This is not an all-inclusive list. Plans will be added over time.

Interest

10. Interest earnings will be applied to Reserves when external requirements are imposed by legislation or agreements. Interest will be credited to the Reserves at the end of the year and prior to finalization of the year-end audit.
11. The interest is calculated based on the average Reserve balance for the year.
12. Annual interest rates on these Reserves are based on the weighted average of interest earned by the County on its long-term investments.

Reporting

13. Reserves funds are held and reported as part of accumulated Surplus on the consolidated statement of financial position until utilized.
14. Levies are reported as Deferred Revenue and recorded as a liability on the consolidated statement of financial position until such time as the expenditures which the funds were collected for, have been incurred, in accordance with Public Sector Accounting Standards PS3400 Revenue Recognition.
15. Reporting on Reserves and Levies collected will be presented at annual budget meetings including a breakout of each Reserve, committed funds and remaining balance.

Attachments

Schedule A – Schedule of Reserves and Levies

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References

Legal Authorities	Municipal Government Act, RSA 2000, c M-26 Chartered Professional Accountants of Canada - Public Sector Accounting Standards
Related Plans, Bylaws, Policies, Etc.	B1 – Policy Development Policy C21 - Disposal of Surplus Assets Policy K10 – Capital Grant Policy N47 – County Road Surfacing Bylaw #2702 – Off-Site Levies as amended by Bylaws #2844, #3086 and #3121 Public Sector Accounting Standards 3280 – Asset Retirement Obligations Administrative Directive FNS4 – Mobile Equipment Replacement
Other	N/A

Revision History

Review Date	Description
September 22, 2025	Reviewed and Amended CM20250922.011
October 30, 2024	Reviewed and Amended CM20241030.030
May 27, 2024	Reviewed and Amended CM20240527.012
December 15, 2023	Reviewed and Amended BM20231213.013
October 4, 2021	Reviewed and Amended CM 20211004.017
September 14, 2020	Reviewed and Amended CM20200914.009
April 24, 2017	Reviewed and Amended CM20170424.1009
June 27, 2016	Adopted CM20160627.1047

Schedule A – Schedule of Reserves and Levies

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A. Operating Reserves

Name	1. Financial Stabilization Reserve
Purpose	To establish a fund to shield from future property tax increases resulting from unanticipated increases in expenditures due to inflationary or commodity price fluctuations or decreases in municipal tax revenue.
Funding Source	Funding for this Reserve will be made through: a) Transfer from unrestricted Annual Surplus. b) Budgeted amount that will meet the Reserve Target Level requirements as approved by Council.
Reserve Level	The recommended minimum target amount for this Reserve is 5% of the prior year's net operating revenue.
Application	These funds may be expended to fund operating deficits resulting from unexpected decreases in general revenues or unanticipated increases in expenditures due to inflationary or commodity price fluctuations as approved by Council.
Duration	This Reserve is to remain in effect in perpetuity.
Interest Bearing	This Reserve is non-interest bearing.

Name	2. Community Grants Reserve
Purpose	To establish a fund to provide financial assistance to local organizations and groups to support capital costs and/or operating costs associated with the delivery of programs, services and events that promote active, safe, and sustainable communities and improve quality of life in the County.
Funding Source	Funding for this Reserve will be made through: a) Transfer of unallocated funds from other County or internal Recreation and Culture grants programs annually as described in Policy K10 – Capital Grant.
Reserve Level	The recommended target amount for this Reserve is a minimum of \$200,000 to a maximum of \$500,000 not including prior year commitments.
Application	Funding may be spent on projects meeting the criteria in Policies K2-100th Anniversary Grant, K6-Community Assistance Grant, K7-Cemetery Improvement Grant, K10-Capital Grants (Facilities), K14-Operating Assistance Facilities, or K15-Operating Assistance – Recreation Advisory Boards as approved by Council.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	3. General Operating Reserve
Purpose	To establish a fund to offset one-time expenditures and/or unexpected operating costs.
Funding Source	Funding for this Reserve will be made through: a) Transfer from unrestricted Annual Surplus. b) Budgeted annual transfers to meet the Reserve Target Level requirements as approve by Council. c) Funds released from the Year End Carry Forward Reserve.
Reserve Level	The recommended minimum target amount of this Reserve will be five per cent (5%) of prior year's net operating revenues.
Application	These funds may be used for one-time non-recurring operating expenditure, to balance the current year deficit, or for non-budgeted operating items approved by Council during the year.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

Name	4. Health and Safety Reserve
Purpose	To establish a fund to recognize County employees' joint effort to maintain a healthy and safe working environment.
Funding Source	Funding for this Reserve will be made through: Rebates or premium reductions received from the Workers Compensation Board Partnerships in Injury (PIR) Program.
Reserve Level	Maximum of \$200,000
Application	Funding is to be spent on items/initiatives to recognize County staff for their efforts in maintaining a healthy, safe, and productive workplace, as approved by Council. The annual employee County clothing and merchandise allowance benefit will be funded from this Reserve.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	5. Hythe Reserve
Purpose	To establish a fund for expenditures related to the Hamlet of Hythe.
Funding Source	Funding for this Reserve will be made through: a) Atco franchise fees collected.
Reserve Level	Not applicable
Application	Funding is to be spent on expenditures required for the Hamlet of Hythe as approved by Council. Atco franchise fees will be accumulated to pay down debentures acquired from Hythe.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

Name	6. Regional Fire Services Operating Equipment Reserve
Purpose	To establish a fund to purchase new or replace existing specialized fire equipment (outside of the Mobile Equipment Replacement Plan) based on the life cycle plans, that is essential for providing fire services.
Funding Source	Funding for this Reserve will be through: a) Budgeted annual transfer as approved by Council.
Reserve Level	The recommended minimum target amount of this Reserve is \$1,500,000.
Application	These funds may be expended to purchase or replace existing operating equipment, gear, breathing apparatus and firefighting equipment as approved by Council.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

Name	7. Sick Leave Liability Reserve
Purpose	To establish a provision to recognize the liabilities arising from accrued employee sick time.
Funding Source	This Reserve will be an unfunded Reserve with funding for sick time coming from the operating budget as required.
Reserve Level	The amount of the County's sick leave liability is a sum that fluctuates from year to year, as earned and used by employees. Sick time does not vest with employees.
Application	The Reserve is established to address current and future liabilities arising from employee sick leave.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	8. Debt Repayment Reserve
Purpose	To establish a fund to repay debentures taken on by the County for projects as designated by Council to be repaid from Reserves.
Funding Source	Funding for this Reserve will be made through: Budgeted transfer as approved by Council.
Reserve Level	Not applicable
Application	Annual transfers from this Reserve will occur to meet the debt payment obligations of the Loans to Local Authorities debentures taken as approved by Council.
Duration	This Reserve is to remain in effect until all remaining funds have been expended.
Interest Bearing	This Reserve is non-interest bearing.

B. Capital Reserves (existing infrastructure)

Name	9. Clairmont Landfill Reserve
Purpose	To establish a fund for additional landfill cell development and reclamation as required.
Funding Source	Funding for this Reserve will be made through: a) Transfer of \$8/Metric Tonne received by the landfill for cell construction or by calculation using annual airspace measurement . b) Budgeted transfer as approved by Council.
Reserve Level	The recommended minimum target amount of this Reserve will be the cost of future cell replacement divided by the remaining useful life of the cell. The maximum amount of this Reserve is the present value of future planned cell development and future reclamations costs.
Application	These funds are to be used towards the construction of new cell development and reclamation.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	10. Water and Wastewater (Aquatera) Reserve
Purpose	To establish a fund to invest in Aquatera Infrastructure assets in the County, limited to Aquatera service areas.
Funding Source	Funding for this Reserve will be made through: a) Aquatera franchise fees. b) Discretionary and non-discretionary dividends received from Aquatera Utilities Inc. c) Budgeted transfer as approved by Council.
Reserve Level	The recommended targeted amount will be based on the long-range plan and service level approved by Council.
Application	These funds may be expended to fund: a) Investment in water or wastewater Infrastructure within the County as needed, limited to Aquatera service areas, as approved by Council. Debt payments on financing incurred to fund water and wastewater Infrastructure projects and local improvements.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing

Name	11. Water and Wastewater (County) Reserve
Purpose	To establish a fund to replace water and wastewater Infrastructure assets in the County.
Funding Source	Funding for this Reserve will be made through: a) Budgeted transfers as approved by Council. b) Capital charges as imposed. c) Recovery from development to connect to County owned water and sewer Infrastructure.
Reserve Level	The recommended targeted amount will be based on the long-range plan and service level approved by Council.
Application	These funds may be expended to fund: Replacement of water or wastewater Infrastructure within the County (excluding Aquatera service areas), as approved by Council.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	12. Bridge Replacement Reserve
Purpose	To establish a fund for the maintenance, rehabilitation and replacement of existing bridges within the County.
Funding Source	Funding for this Reserve will be made through: Budgeted annual transfers as approved by Council
Reserve Level	The recommended targeted amount will be based on the long-range plan and service level approved by Council.
Application	These funds may be expended to fund the maintenance, rehabilitation and replacement of existing bridges within the County.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

Name	13. Fleet Replacement Reserve
Purpose	To establish a fund for the replacement of existing mobile capital equipment and vehicles on a regularly scheduled annual basis.
Funding Source	Funding for this Reserve will be made through: a) Budgeted annual transfers as approved by Council b) Revenues from the sale of capital equipment under Policy C21 Disposal of Surplus Assets.
Reserve Level	The recommended targeted amount will be based on the long-range plan and service level approved by Council.
Application	These funds may be expended on the replacement of existing mobile capital equipment and vehicles as scheduled annually as defined in Administrative Directive FNS4 – Mobile Equipment Replacement.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

Name	14. Surfaced Road Replacement Reserve
Purpose	To establish a fund for the maintenance, rehabilitation and replacement of existing surfaced roads within the County.
Funding Source	Funding for this Reserve will be made through: Budgeted annual transfers as approved by Council
Reserve Level	The recommended targeted amount will be based on the long-range plan and service level approved by Council.
Application	These funds may be expended to fund the maintenance, rehabilitation and replacement of existing surfaced roads.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	15. Facilities Rehabilitation and Replacement Reserve
Purpose	To establish a fund for the maintenance, rehabilitation and replacement of existing facilities within the County.
Funding Source	Funding for this Reserve will be made through: Budgeted annual transfers as approved by Council
Reserve Level	The recommended targeted amount will be based on the long-range plan and service level approved by Council.
Application	These funds may be expended to fund the maintenance, rehabilitation and replacement of existing County-owned facilities.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

Name	16. Year End Carry Forward Projects Reserve
Purpose	To carry the funding for specific projects or programs where the service or acquisition was not completed or received by year end, but will occur in the following year, to eliminate the requirement to re-budget or cancel partially completed projects.
Funding Source	Funding for this Reserve will be made through: Transfer previously approved funds by Council in prior year budgets for projects that need to continue in the following year.
Reserve Level	The recommended target amount of this Reserve should equal total carry forward projects as per the budget. Any funds remaining once a project is completed will be released to the General Operating or/and General Capital Reserve.
Application	These funds may be expended to fund expenditures for the intended purpose as included in the budget approved by Council.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	17. Asset Retirement Obligations Reserve
Purpose	To establish a fund to account for liabilities related to the Asset Retirement Obligations in accordance with PSAS 3280: Asset Retirement Obligations.
Funding Source	Funding for this Reserve will be made through: Budgeted transfer as required and approved by Council.
Reserve Level	On an annual basis, the existing asset retirement obligations will be assessed for any changes in expected cost, term to retirement, or any changes that may impact the estimated obligation. In addition, any obligations identified will also be assessed.
Application	These funds are to be used to fund asset retirement obligations in accordance with PSAS 3280.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is interest bearing.

C. Growth Reserves (new infrastructure)

Name	18. General Capital Reserve
Purpose	To establish a fund for new capital infrastructure requirements that have not been previously established from existing Reserves and/or long-range plans.
Funding Source	Funding for this Reserve will be made through: a) Transfer of prior year Surplus as recommended by Administration b) Budgeted amounts that will meet the Reserve Target Level requirements. c) Funds released from the Year End Carry Forward Reserve.
Reserve Level	The recommended minimum target for this Reserve is \$10,000,000 or the funds needed for assets associated with planned service level enhancements.
Application	These funds may be expended for new capital infrastructure that requires funding and Council approval during the year. Should an overall shortage of funding exist the Reserve will be reviewed to determine if service enhancement should be removed from the Capital Plan.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

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Name	19. New Road Infrastructure Reserve
Purpose	To establish a fund to upgrade gravel roads to pavement once they have met the criteria in Policy N47 – County Road Surfacing Policy.
Funding Source	Funding for this reserve will be made through: Budgeted annual transfers as approved by Council.
Reserve Level	The recommended targeted amount will be based on the long-range plan and service level approved by Council.
Application	These funds may be expended to fund the upgrade of eligible roads to pavement as approved by Council.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

Name	20. Community Recreation Facilities Reserve
Purpose	To establish funds to support intermunicipal agreements and community and urban partner recreational facility initiatives.
Funding Source	Funding for this reserve will be made through: Budgeted annual transfers as approved by Council.
Reserve Level	The recommended target amount will be based on agreements and future initiatives.
Application	These funds may be expended to fund or contribute to the purchase or building of community recreation facilities.
Duration	This Reserve is to remain in effect until such time as Council moves to dissolve the fund.
Interest Bearing	This Reserve is non-interest bearing.

D. Levies and Fees

Name	21. Road Improvement Fee
Purpose	To collect fees received under Section 650(1) of the Municipal Government Act (MGA) for Development Permits and under Section 655(1) of the MGA for Subdivisions within areas of the County not identified in Bylaws #2702, #2844, #3086, #3121 as Zones 1, 2 or 3.
Funding Source	Transfer of road improvement fees received under Sections 650(1) and 655(1) of the MGA.
Application	These funds may be expended to fund new or expanded arterial roads and related Infrastructure within the County, as approved by Council.
Duration	Funds to remain in effect until expended.
Interest Bearing	These funds are non-interest bearing.

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Name	22. Storm Sewer Fee
Purpose	To collect fees received from developers under Section 655 of the Municipal Government Act (MGA) for the purpose of developing stormwater Infrastructure.
Funding Source	Transfer of storm sewer recovery fees received under Section 655 of the MGA.
Application	These funds may be expended to fund new or expanded stormwater systems and related Infrastructure within the County, as approved by Council.
Duration	Funds are to remain in effect until expended.
Interest Bearing	These funds are non-interest bearing.

Name	23. Municipal Reserve
Purpose	To establish a fund to develop green spaces or parks within the County in accordance with Section 671(4) of the Municipal Government Act (MGA).
Funding Source	Transfer of funds received from developers in lieu of designating lands for municipal reserve as outlined in Section 667 of the MGA and the proceeds from the sale or licensing of Municipal Reserve lots.
Application	These funds may be expended on the creation or enhancement of: a) A public park; b) A public recreation area; c) School board purposes; d) To separate areas of land that are used for different purposes; in accordance with Section 671(2) of the MGA, as approved by Council.
Duration	Funds are to remain in effect until expended.
Interest Bearing	These funds are interest bearing.

Name	24. Community Aggregate (CAP) Levy
Purpose	To establish a fund under the authority of County Bylaw #3106 – Aggregate Levy Bylaw and Section 409 of the Municipal Government Act.
Funding Source	Transfer of recovery levies collected under Bylaw #3106 on sand and gravel leases located and operating within the County of Grande Prairie.
Application	These funds may be expended to fund community Infrastructure projects and other costs in the municipality, as approved by Council.
Duration	Funds are to remain in effect until expended.
Interest Bearing	These funds are non-interest bearing.

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Name	25. Zone 2 Transportation Offsite Levy
Purpose	To collect levies received from developers under Bylaws #2702, #2844, #3086, #3121 – Off-site Levies within the identified Zone 2 area.
Funding Source	Transfer of off-site development levies received under Bylaws #2702, #2844, #3086, #3121.
Application	These funds may be expended to fund new or expanded arterial roads within Zone 2 as outlined in Bylaws #2702, #2844, #3086, #3121 as approved by Council.
Duration	Funds to remain in effect until expended.
Interest Bearing	These funds are interest bearing.

Name	26. Zone 3 Transportation Offsite Levy
Purpose	To collect levies received from developers under Bylaws #2702, #2844, #3086, #3121 – Off-site Levies within the identified Zone 3 area.
Funding Source	Transfer of off-site development levies received under Bylaws #2702, #2844, #3086, #3121.
Application	These funds may be expended to fund new or expanded arterial roads within Zone 3 as outlined in Bylaws #2702, #2844, #3086, #3121, as approved by Council.
Duration	Funds to remain in effect until expended.
Interest Bearing	These funds are interest bearing.

Name	27. Zone 3 Transportation Offsite Levy
Purpose	To collect levies received from developers under Bylaws #2702, #2844, #3086, #3121 – Off-site Levies within the identified Zone 3 area.
Funding Source	Transfer of off-site development levies received under Bylaws #2702, #2844, #3086, #3121.
Application	These funds may be expended to fund new or expanded arterial roads within Zone 3 as outlined in Bylaws #2702, #2844, #3086, #3121, as approved by Council.
Duration	Funds to remain in effect until expended.
Interest Bearing	These funds are interest bearing.