



Operating Reserve

Policy # FIN-004

Board Approved Motion #23-122 Date: October 11, 2023
Review Cycle: Annual
Last Review: October 11, 2023 Next Review: October 2024

Purpose

The purpose of the operating reserve policy is to ensure stability of ongoing operations by providing an internal source of funds:

The operating reserve is intended to provide an internal source of funds in situations such as

- Reduced income which may be because of lower-than-expected fees or reduced municipal contributions
- Unforeseen operating expenses such as major repairs to apparatus, equipment, or buildings or a major incident
- Partners withholding last quarter requisition plus not paying first quarter requisitions until audited financial statements are released. (as per the Shared Services Agreement)

Definitions

For the purposes of this policy:

BESC means Beaver Emergency Services Commission.

Board means the Board of Directors of BESC.

Member Municipalities means the member municipal authorities set out in the Ministerial Order which are the Town of Tofield, Village of Ryley, Village of Holden, Town of Viking and Beaver County.

Municipal Operating Contribution – member municipality share of operating costs calculated according to the Shared Services Agreement.

Operating Reserve – a designated unrestricted fund set aside by the Board.

Shared Services Agreement – a cost sharing agreement between the member municipalities and Beaver Emergency Services Commission.

Target Minimum Operating Reserve – the amount to be attained and maintained in the operating reserve based on 35% of annual operating expenses according to the most recent audited financial statements.

Procedure

The Board must approve the use of the reserve by board resolution.

The Board will set the target minimum operating reserve as part of the annual budget preparation process.

The target minimum operating reserve for 2024 is \$418,100 which represents 35% of the 2022 operating expenses (not including amortization).

BESC will hold the operating reserve in guaranteed investment certificates with terms of 90 days or less.

BESC will fund the operating reserve from annual operating surpluses. If the year-end operating reserve balance is less than the target minimum, 50% of the annual operating surplus will be allocated to the operating reserve. The remaining operating surplus will be applied according to the Shared Services Agreement.

BESC will report the current and prior year operating reserve balances in the audited financial statements.

Related Documents

Shared Services Agreement January 1, 2014

Purchasing Policy

Budget Development Policy

Unbudgeted Expenditures Policy



Board Chair

Board Vice Chair

28 Nov 23
Date

28 Nov 23
Date