

Council Policy



Policy Name: Fiscal Responsibility

Policy No.: FIN-160
Effective Date: July 2015

Review Date: July 2018

STATEMENT:

The Regional Municipality of Wood Buffalo (the “Municipality”) is committed to being fiscally responsible to the taxpayers by following the spending limits as outlined in the Council approved annual budget and ensuring adequate operating and capital stability reserves are maintained.

PURPOSE AND OBJECTIVE:

The purpose of this policy is to:

- Provide governance parameters regarding management of financial resources;
- Maintain operating and capital stability reserves, and
- Provide a framework that supports long-term financial planning and stability.

1. Definitions

- 1.1. Capital Budget Reallocation: The rationalization of budgeted capital funds based on approved requirements.
- 1.2. Capital Infrastructure Reserve (CIR): An established capital reserve used to fund construction or acquisition of tangible capital assets.
- 1.3. Emerging Issues Reserve (EIR): An established operating reserve used to stabilize operating revenues in response to unanticipated loss of revenue as well as provide funding flexibility in responding to emergencies, unplanned events, and significant price changes.
- 1.4. Operating Budget Reallocation: The rationalization of budgeted operating funds based on approved requirements.
- 1.5. Spending Authority: The spending limit approved by Council based on the annual budget.

2. Responsibilities

2.1. Council to:

2.1.1. Approve any amendments to this policy;

2.2. Chief Administrative Officer to:

2.2.1. Support the implementation of this policy;

2.2.2. Support and recommend amendments to this policy; and

2.2.3. Ensure compliance with this policy.

2.3. Chief Financial Officer or designate to:

2.3.1. Ensure compliance with this policy as required by delegated authority.

3. General Procedures

3.1. The framework of the Fiscal Responsibility Policy includes:

3.1.1. Operating Budget reallocations are authorized provided that:

3.1.1.1. The changes will result in an efficient administrative and service delivery process.

3.1.1.2. Service levels or standards are not reduced or compromised;

3.1.1.3. No new services, programs or projects are undertaken; and

3.1.1.4. Council set total spending limit is not exceeded.

3.1.2. Capital Budget reallocations are authorized provided that:

3.1.2.1. The change will result in efficient administrative and project delivery process;

3.1.2.2. The change will not result in addition or cancellation of a capital project;

3.1.2.3. The underlying scope change does not alter the nature and type of capital project;

3.1.2.4. Where additional funding is required, funds available from a combination of savings from fully tendered projects, other uncommitted sources such as grants and offsite levies, and cash flow management with other capital projects will be utilized; and

3.1.2.5. Council set debt and debt service limits are not exceeded.

3.2. Operating Reserve –Emerging Issues Reserve (EIR):

3.2.1. An emerging issues reserve will be maintained to stabilize operating revenues in response to unanticipated loss of revenue as well as provide funding flexibility in responding to emergencies, unplanned events, and significant price changes.

3.2.2. The balance of the Emerging Issues Reserve shall not exceed 15% of prior year's audited net property tax revenue subject to a minimum uncommitted balance of \$50,000,000.

3.2.3. In the event that Council approves spending that will result in a balance lower than the uncommitted minimum balance, the CAO or designate will recommend a strategy to replenish the Emerging Issues Reserve to its uncommitted minimum balance.

3.2.4. Council approval is required to utilize funding from the Emerging Issues Reserve.

3.3. Capital Reserve – Capital Infrastructure Reserve (CIR):

3.3.1. A capital infrastructure reserve shall be maintained to fund construction or acquisition of tangible capital assets.

3.3.2. The Capital Infrastructure Reserve shall have a minimum uncommitted balance of \$50,000,000.

3.3.3. In the event that Council approves spending that will result in a balance lower than the uncommitted minimum balance, the CAO or designate will recommend a strategy to replenish the Capital Infrastructure Reserve to its uncommitted minimum balance.

3.3.4. Council approval is required to utilize funding from the Capital Infrastructure Reserve.

MANAGEMENT, REFERENCES AND APPROVAL:


This policy shall be reviewed in three (3) years from its effective date to determine its effectiveness and appropriateness. This policy may be assessed before that time as necessary to reflect organizational change.

Approving Authority: Council
Approval Date: April 26, 2011

Revision Approval Dates: July 14, 2015
Review Due: July 2018

Policy Manager: Chief Financial Officer
Department Contact: Director, Financial Services

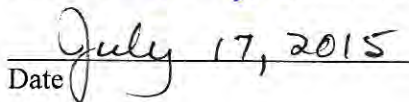
Legal References: None
Cross References: None



Melissa Blake, Mayor



David Leflar, Chief Legislative Officer



Date