



Town of Trenton

POLICY NO. FIN-20240312

APPROVED: 2024-03-12

RESERVE FUNDS POLICY

Purpose

The purpose of the Reserve Funds Policy is to improve the process of planning for the Town of Trenton's future financial needs. In general, the intention of Reserve Funds is to serve three specific purposes:

- Contingency Funds for Opportunities;
- Contingency Funds for Risk; or
- Saving Funds for Obligations

Reserves are a means by which the Municipality can accumulate funds for an anticipated or unanticipated future requirement. This differs from the Operating Budget (General Fund) which the Municipality, in accordance with the *Nova Scotia Municipal Government Act*, must budget for a year-end balance of zero.

Scope

All employees of the Municipality with budget and spending authority responsibilities fall within the scope of this policy and must adhere to the policy statements contained within this document.

Policy

Reserve funds are established by Council by setting aside money to help offset future financing requirements. When required, the funds are drawn upon to finance capital and operating expenditures as designated by Council. Using reserve funds to minimize tax rate fluctuations is a fundamental financial management tool for the Municipality.

The establishment of reserves follows the general guidelines outlined in the Financial Reporting and Accounting manual (FRAM), as issued by the Province of Nova Scotia. The general intent is to save for large expenditures on equipment, balloon payments, studies, and other one-time expenditures by appropriating funds from operating.

A resolution of Council, either through the approved budgets or separate motion, is required to withdraw operating or capital fund reserves. The Municipality shall maintain the following funds and follow requirements of Municipal Financial Reporting and Accounting Manual (FRAM) section 3 related to reserves as well as the Utility and Review Board of Nova Scotia (UARBNS):

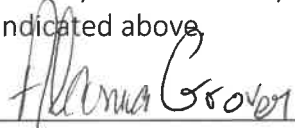
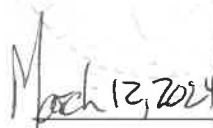
1. Capital Reserves
 2. Operating Reserves
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		<u>CAO's Annotation for Official Policy Book</u>	
Policy Number:	FIN-20240312	Date of Notice to Council Members of Intent to Consider (Minimum 7 Days):	<u>February 27, 2024</u>
Council Approval:	<u>2024/ 03/ 12</u> Y M D	Date of Passage of Current Policy:	<u>March 12, 2024</u>
Effective Date:	<u>2024/ 03/ 12</u> Y M D	I certify that this Policy was adopted by Council as indicated above	
Supersedes Date:	<u> / /</u> Y M D		
		Chief Administrative Officer	Date