



Village of Stirling

Policy AR03 - 24



Section:	Administration	Subject:	Investment and Surplus Management Policy
Approval Date:	December 4, 2024		

Investment and Surplus Management Policy

Purpose and Scope:

The Village of Stirling strives to ensure that long term capital assets can be replaced while at the same time reducing the need for debt financing for the acquisition of future assets. A properly balanced approach to the planning and use of reserves is considered good financial management and is a key component of the long-term viability of the municipality.

Objective:

The purpose of this policy is to establish guidelines, objectives and limits for investment of funds held by the Village of Stirling. This includes General funds, Capital Project funds, and all other funds entrusted to the Village of Stirling. Additionally, the policy will establish general guidelines for the allocation of annual budget surpluses to reserve funds.

Policy Statement:

It is the policy of the Village of Stirling to conform to all Provincial statutes and regulations governing the investment of municipal funds.

It is also the policy of the Village of Stirling that the CAO or designate who exercises due diligence and acts in accordance with this policy shall be relieved of personal responsibility for market price changes or the credit risk of any investment, provided that appropriate action is taken to control adverse developments and that such developments are reported to Council on a timely basis.

Municipal funds shall be invested in a manner that will meet the following objectives, listed in order of importance:

- Maintain the safety of investment principal
- Meet daily cash flow requirements
- Provide competitive investment returns

Policy:

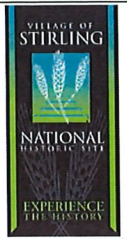
1. Scope/Exceptions:

- 1.1. This policy applies to all Village of Stirling financial reserves. No Village reserves are exempt.



Village of Stirling

Policy AR03 - 24



Section:	Administration	Subject:	Investment and Surplus Management Policy
Approval Date:	December 4, 2024		

2. General Policy Statements

2.1. CAO or Designate shall manage Village reserves and investments in accordance with the reserve’s purpose and any or all conditions and/or restrictions placed upon the reserve by Council and shall ensure reserves continue to be aligned with Council’s goals and objectives. Proper management of reserves include the following:

2.1.1. Ensure all reserve-related transactions abide by the purpose of the reserve, any condition and/or restriction and with all applicable regulations and legislation including the Municipal Government Act (MGA); and

2.1.2. Ensure operating and capital budgets include reserve activity where applicable; and

2.1.3. Ensure that reserve transactions and balances are properly disclosed in The Village’s Annual Financial Statements and other Annual Reports; and

2.1.4. Establish and/or modify practices and internal controls for its investment operations consistent with this policy; and

2.1.5. Execute documents relating to the establishment and maintenance of investment accounts with investment brokers and qualifying financial institutions.

2.2. CAO or Designate is responsible for administering a Biennial Reserve Review process in accordance with administrative procedures.

2.2.1. The purpose of the review process is to ensure reserves are being managed properly and to evaluate the continued relevance or individual reserves; and

2.2.2. CAO or Designate may prepare an action plan to return a reserve back to compliance when a reserve is either over or under funded, as per conditions set out and approved by Council.

2.3. Council approval is required for the following reserve-related activities.

2.3.1. Request to create a new reserve; or

2.3.2. Request to amend or close an existing reserve; or

2.3.3. One-time use of funds not defined in authorizing documents; and

2.3.4. Recommendations as a result of the Biennial Reserve review process.



Village of Stirling

Policy AR03 - 24



Section:	Administration	Subject:	Investment and Surplus Management Policy
Approval Date:	December 4, 2024		

2.4. CAO or Designate can approve the following reserve-related activities and /or reports:

- 2.4.1. Establish and/or modify procedures and internal controls for investment operations consistent with this policy; and
- 2.4.2. Ongoing activities of reserves as per the reserve’s purpose, conditions and/or restrictions.

3. Allocation of Surplus Funds

3.1. CAO or Designate shall utilize the following reserves as identified by Council for all operational surplus revenues at the end of the fiscal year.

3.1.1. Surplus funds shall be allocated in the following dedicated reserve accounts:

- 3.1.1.1. Reserve in Lieu – To be used for Parks and Facilities. Funding for this account occurs out of monies captured in Lieu of Reserve Land dedications, or through operational surplus dollars as decided by the CAO or Council.
- 3.1.1.2. Operating Reserve – To be used to manage operating deficits or onetime operating expenditures which are outside of the approved budget. Funding for this reserve shall be through transfers from the previous year’s surplus.
- 3.1.1.3. Operations Fleet Reserve – To be used to offset the replacement cost of the Fleet Vehicles and assets. Funding for this reserve shall be done through an annual transfer reflected in the operating budget.
- 3.1.1.4. Capital Reserve – To be used for capital infrastructure or capital equipment replacement. Funding for this reserve shall be done from the previous year’s surplus.
- 3.1.1.5. Fire Department Capital Reserve – To be used to replace capital infrastructure and capital equipment specific to the Fire Department. Funding for this reserve will be done through any revenue surpluses specific to the Fire Departments revenue lines, less any operating overages. Additional funding may be allotted if the overall year end surplus will provide for it.
- 3.1.1.6. Rural Water Reserve – To be used to fund infrastructure within the rural water network. Funding for this reserve shall be done through an allotment identified in the Administration fee, of \$5.00 per user per billing cycle. This shall be an annual transfer done at the fiscal year end.



Village of Stirling

Policy AR03 - 24



Section:	Administration	Subject:	Investment and Surplus Management Policy
Approval Date:	December 4, 2024		

3.1.1.7. Recreation Reserve – To be used for funding recreation infrastructure. Funding for this reserve shall be done through a dedicated transfer identified in the operating budget, set annually. This transfer shall be done annually at the fiscal year end.

3.1.2. Reserve dollar allocations shall be determined based upon Operational and Capital needs of the Municipality, as identified by Council in the Strategic Plan. Full financial reporting on reserve accounts shall be provided to Council following the end of the fiscal year, after the surplus transfers have occurred.

3.1.3. Should other funding become available to transfer into reserves, that isn't otherwise captured as a reserve funding method, the CAO shall transfer those funds to the reserve they deem best to allocate them to at the time and provide this as the full financial reporting to Council. Should Council wish to re-allocate the funds they can do so at that time.

3.1.4. Dollars allocated into reserves shall be kept in the Village's M.U.S.H account to maximize the amount of interest accumulation.


 Deputy Mayor – Larry Nilsson


 CAO – Scott Donselaar