**BE IT ENACTED** by the Council of the Rural Municipality of Hunter River as follows:

## 1. Title

1.1. This bylaw shall be known and cited as the "Reserve Funds Bylaw."

## 2. Authority

2.1. Section 155.(1) of the *Municipal Government Act* R.S.P.E.I. 1988, Cap. M-12.1., enables council to establish, by bylaw, one or more reserve funds in the name of the municipality for any municipal purpose.

## 3. Application

3.1. This bylaw applies to Council who may establish one or more reserve funds to facilitate efficient financial planning and ensure greater transparency and accountability to the public.

3.2. This bylaw also allows for the consolidation of the authority for all reserve funds into one bylaw.

## 4. Definitions

4.1. "Act" means the Municipal Government Act.

4.2. "Chief Administrative Officer" or "CAO" means the administrative head of a municipality as appointed by council under subsection 86(2)(c) of the *Municipal Government Act*.

4.3. "Council" means the Mayor and other members of the Council of the municipality.

4.4. "Councillor" means a member of Council other than the Mayor.

4.5. "Reserve fund" means money set aside for a specific purpose by approval of Council.

## 5. Principles

5.1. The principles regarding reserve funds are as follows:

(a) Reserve funds are important long term financial planning tools;

(b) Reserve funds must be used to promote sound fiscal stewardship and management;

(c) Reserve funds provide resources for balancing the use of long-term debt to provide for reoccurring or anticipated expenditures;

(d) Reserve funds are intended to maintain a prudent level of financial resources to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures;

(e) Money set aside in reserve funds must only be approved by Council for the purposes identified in this bylaw and as authorized by the Reserve Fund Policy that governs each reserve fund adopted by Council;

(f) The Chief Administrative Officer (CAO) will administer and monitor all transactions involving reserve funds.

## 6. Criteria and Conditions for Reserve Fund Contributions, Transfers, Withdrawals

6.1. The reserve funds listed in Column I of Schedule A of this bylaw are hereby established and money shall be deposited into them as allocated by the Council for the purpose(s) described in each "Reserve Fund Policy" established by Council.

6.2. Any interest derived from a reserve fund is reported as revenue fund earnings and shall be considered part of the fund.

6.3. All withdrawals from the reserve fund must be approved by a resolution of Council.

6.4. All contributions and/or withdrawals from each reserve fund must be approved by Council either generally as part of the annual budget approval process or specifically by resolution at a duly constituted meeting of the Council. Council is required to approve all transactions related to reserve funds in accordance with the reserve fund policies established by Council.

## 7. Closure of Reserve Funds

7.1. A reserve fund may not be closed, and any remaining money may not be withdrawn, until such time as Council determines the following:

(a) That the purpose for which the reserve fund was established has been achieved;

(b) That the reserve fund is no longer required to achieve the long term financial planning goals of Council; or

(c) That the money set aside in a reserve fund would be better used for an alternate purpose

7.2. If Council determines that a reserve fund is to be closed, Council must, by resolution, close the reserve fund and must amend Schedule "A" of this Reserve Fund Bylaw to reflect the closure date of the reserve fund. Any closure of a reserve fund must be documented in column 2 of Schedule "A". Schedule "A" is considered to be part of this Bylaw and may only be altered by amendment of this Reserve Fund Bylaw.

## 8. Reporting

8.1. Reserve fund projected contributions and planned expenditure or withdrawals must be presented in the annual financial plan. Reserve fund balances, actual contributions, expenditures or withdrawals must be presented in the year-end financial statements.

## 9. Effective Date

9.1. This Reserve Funds Bylaw, Bylaw# 2020-03, shall be effective on the date of approval and adoption below.

**First Reading:**

This Reserve Funds Bylaw, Bylaw# 2020-03, was read a first time at the Council meeting held on the 21st day of January, 2020.

This Reserve Funds Bylaw, Bylaw# 2020-03, was approved by a majority of Council members present at the Council meeting held on the 21st day of January, 2020.

**Second Reading:**

This Reserve Funds Bylaw, Bylaw# 2020-03, was read a second time at the Council meeting held on the 18th day of February, 2020.

This Reserve Funds Bylaw, Bylaw# 2020-03, was approved by a majority of Council members present at the Council meeting held on the 18th day of February, 2020.
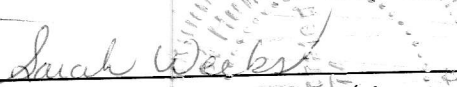
**Approval and Adoption by Council:**

This Reserve Funds Bylaw, Bylaw# 2020-03, was adopted by a majority of Council members present at the Council meeting held on the 18th day of February, 2020.
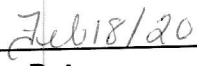
**10. Signatures**

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**Mayor** (signature sealed)
**Terry McGrath**

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**Chief Administrative Officer** (signature sealed)
**Sarah Weeks**

This Reserve Fund Bylaw adopted by the Council of the Rural Municipality of Hunter River on February 18, 2020 is certified to be a true copy.

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**Chief Administrative Officer Signature**

_____Feb 18/20_____
**Date**

## Schedule A – Reserve Funds

| Name | Year Established | Purpose | Date of Fund Closure |
|---|---|---|---|
| **Capital Reserve** | 2020 | To provide for expenditures associated with major construction, maintenance or improvement of a municipal asset | |
| **Planning Reserve** | 2024 | To provide for expenditures associated with the development and operation of an official plan. | |