Town of Whitby Policy

Policy Title:	Federal Gas Tax Reserve Fund
Policy Number:	F 340
Reference:	Council Resolution #176-19
Date Approved:	May 27, 2019
Date Revised:	Not Applicable
Approval:	Council
Point of Contact:	Financial Services Department

Policy Statement

This is a policy governing the use and administration of the obligatory Federal Gas Tax reserve fund.

Purpose

The purpose of the reserve fund is to provide a funding source for the eligible municipal infrastructure as identified in the Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds (the Agreement).

Scope

This policy applies to funds advanced and the use of funds under the Agreement within the Town of Whitby.

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1. Definitions

1.1. **Agreement** refers to the Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds (or replacement) which is the signed agreement between the Association of Municipalities of Ontario (AMO) and the Town of Whitby containing a framework for the transfer of federal gas tax funds to provide stable, reliable and predictable funding for municipal infrastructure programs.

1.2. **Capital Budget Monitoring Policy** is a Council approved policy that stipulates the authorization levels for any in-year capital budget changes.

1.3. The **Funds** refers to the Town of Whitby's allocation of the Federal Gas Tax Funds which is transferred to the town semi-annually.

1.4. **Obligatory Reserve Funds** is a reserve fund created when senior government statute or agreement requires that revenue received for special purposes is segregated from the general revenues of the municipality. Obligatory reserve funds are to be used solely for the purpose prescribed for them by statue or agreement. Amounts collected in obligatory reserve funds are considered to be deferred revenue, as services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

2. Responsibilities

2.1. The Commissioner of Financial Services / Treasurer or delegate to:

- Deposit the Funds on behalf of the Corporation in a dedicated reserve fund or other identified approved account/program as per the Agreement.
- Utilize the reserve fund as proposed under section 3 of this policy.
- Meet all reporting and deadlines in the Agreement (i.e. Annual Report).
- Maintain all accounting principles and separate records as identified in the Agreement.
- Maintain where appropriate and without limitation all insurance requirements as identified in the Agreement for all Eligible Projects.

2.2. The Town of Whitby has the responsibility of developing and implementing an Asset Management Plan and Outcomes Report demonstrating that Asset Management Plans are being used to guide infrastructure planning and investment decisions and how the Funds are being used to address priority projects as per section 8 in the Agreement.

3. Utilization of Funds

3.1. As per section 6.6 of the Agreement, the Town of Whitby shall deposit the Funds in a dedicated reserve fund or other separate distinct interest bearing account or invest the Funds through the One Investment Program or any other eligible investment permitted by the Ontario Municipal Act, 2001 and shall retain the Funds in such a reserve fund account or investment until the Funds are expended or transferred in accordance with the Agreement. The Town of Whitby shall ensure that:

3.1.1. Any investment of unexpended Funds will be in accordance with Ontario law and the Town's Investment policy; and,

3.1.2. Any interest earned on Funds will only be applied to Eligible Expenditures for Eligible Projects as defined in the Agreement

3.2. The reserve fund shall only be used for costs as identified as eligible expenditures in respect of eligible project categories in the Agreement.

3.3. Assets purchased or constructed using the Funds must be for public use and benefit, if the asset is disposed of within five years, the Funds shall be re-invested in another infrastructure project and reported as per the Agreement.

3.4. Usage of the reserve fund must be identified in the Council approved annual budget or approved via the Capital Budget Monitoring Policy or through another approved Council report.

3.5. As per the Agreement, the reserve fund can be used in conjunction with other federal infrastructure programs (stacking); although the maximum allowable federal contribution limitation set out in any other federal infrastructure program agreement would apply.

3.6. As per the Agreement, the Town of Whitby has up to five years after the year the money was received to spend the Funds on an eligible municipal infrastructure project.

4. Funding Sources

4.1. Transfers of Funds made from the Association of Municipalities Ontario (AMO) on behalf of the Federal Government as per the schedule of payout funds in the Agreement.

4.2. The annual interest allocated by Treasury to this reserve fund.

4.3. If applicable, investment income earned.

5. Reserve Fund Target Level

5.1. At minimum, the reserve fund cannot go below $0.00.

5.2. At maximum, the reserve cannot exceed five years of allocations under the Agreement.

This Policy is hereby approved by Council Resolution #176-19 on this 27th day of May, 2019.