



Town of Whitby Policy

Policy Title:	Asset Management Reserve Fund
Policy Number:	F 040
Reference:	Council Resolution #313-13 and #262-19
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Approval:	Council
Point of Contact:	Financial Services Department

Policy Statement

This is a policy governing the use and administration of the discretionary Asset Management Reserve Fund.

Purpose

The purpose of the reserve fund is to provide a funding source for the asset management of existing Town of Whitby infrastructure and assets; including lifecycle replacement and repair that extends the life of the asset for PSAB purposes and / or includes capital expenses to fund activities to support the assets (i.e. inspection).

Scope

This policy applies to the asset management reserve fund contributions included in the annual operating budget and the expenditures for asset management projects included in the capital budget.

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1. Definitions

- 1.1.Capital Acquisitions means the assets acquired / purchased / constructed by the Town of Whitby (fleet, equipment, sidewalks, roads etc.)
- 1.2.Capital Assumptions means the assets assumed by the Town of Whitby as a result of a subdivision assumption (roads, sidewalks, streetlights, storm water pond etc.). The assets constructed by a developer as part of the subdivision agreement become Town of Whitby assets and are included in the MAMP.
- 1.3.Capital Budget means the plan for expenditures and financing sources to complete capital projects or capital expenditures, approved in either an annual budget, in a report to Council or under the Capital Budget Monitoring and Control policy.
- 1.4.Capital Budget Monitoring and Control policy means the Capital Budget Monitoring and Control policy for the Town of Whitby.
- 1.5.Capital Expenditure is determined by the nature of the work that is undertaken; it usually is in excess of \$5,000 and does not specifically impact a single fixed asset. It includes (but is not limited to) studies, roads crack sealing program etc. It can occasionally be one-time in nature, but usually the expenditure has a benefit lasting more than one year.
- 1.6.Capital Forecast means the forecasted plan for expenditures and financing sources to complete capital projects or capital expenditures presented in the annual budget. Typically this forecast is nine years (capital budget and nine years capital forecast).
- 1.7.Capital Project means any expenditure incurred to acquire or improve land, buildings, engineering structures, and to purchase machinery and equipment. It includes vehicles, office furniture and software applications. Normally, it has a benefit lasting more than one year, and results in the acquisition or extension of the life of a fixed asset or the betterment of an existing asset.
- 1.8.Council means the Mayor and members of Council for the Town of Whitby.
- 1.9.MAMP means the Municipal Asset Management Plan for the Town of Whitby that is updated annually.
- 1.10. PSAB means the Public Sector Accounting Board
- 1.11. Treasurer means the employee designated as such by Council for the position. The Treasurer shall exercise all powers and duties of the Treasurer as set out in the Municipal Act.

2. Responsibilities

- 2.1. The Treasurer or their designate has the authority to utilize the reserve fund as approved under section 3 of this policy and in addition will report annually on the shortfall status of the funding relative to the MAMP needs identified.

3. Utilization of Funds

- 3.1. The reserve fund can be used for the capital project costs / capital expenditures associated with the asset management program within the Town of Whitby as specified in the purpose of this policy.
- 3.2. This reserve fund can also be used for the annual long term debt repayments associated with the asset management program with the Town of Whitby as specified in the purpose of this policy.
- 3.3. Usage of the reserve fund must be identified in the Council approved annual capital budget and forecast, in a subsequent report to Council or approved via the Capital Budget Management and Control policy and reported in financial report to Council.

4. Funding Sources

- 4.1. The funding for this reserve fund comes from a taxed based contribution as identified in the annual operating budget. The Town of Whitby shall strive to work towards fully funding the 10 year average asset management requirement as identified in the MAMP.
 - 4.1.1. If the annual contribution is less than the average identified contribution, at a minimum, the town shall annually increase the contribution by a) an amount equal to (i) the sum of the prior year's audited growth related capital assumptions and capital acquisitions divided by the asset(s) useful life (ii) and inflation, or by b) an amount equal to 1% of the tax levy, whichever is greater.
- 4.2. As per the Capital Budget Monitoring and Control policy, any budget remaining for a closed capital project originally funded from the Asset Management Reserve Fund would be returned to the Asset Management Reserve Fund.
- 4.3. The annual interest allocated by Treasury to this reserve fund.

5. Reserve Fund Target Balance

- 5.1. At minimum, the uncommitted reserve fund target balance cannot go below 10% of the annual tax based contribution.
- 5.2. At maximum, the reserve fund target level equal to the 25 year average annual MAMP requirement is recommended.

This Policy is hereby approved by Council Resolution #262-19 on this 23rd day of September, 2019.