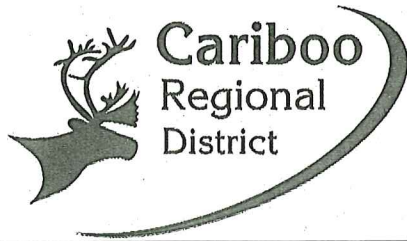


Index #      Title



## Regional Board Policy

### Operating Reserves (Self Funding)

<b>Category:</b> Finance	<b>Policy Number:</b>	<b>Replaces:</b>
<b>Type:</b> <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> Procedure	<b>Authority:</b> <input checked="" type="checkbox"/> Board <input type="checkbox"/> Administrative	<b>Approved By:</b> <input type="checkbox"/> Board <input type="checkbox"/> CAO <input type="checkbox"/> Department Head
<b>Office of Primary Responsibility: Chief Financial Officer</b>		
<b>Date Adopted:</b>	<b>Board Resolution Number:</b>	<b>Date to be Reviewed:</b>
<b>Manner Issued:</b>		

#### **PURPOSE:**

To establish that the Regional District shall manage its financial operations and services in such a manner to avoid interim borrowing by having sufficient operating funds to financially resource our operations until such time as the property tax requisition is received.

#### **POLICY:**

The Regional District shall ensure that there are sufficient operating funds in each service to cover all anticipated financial obligations until such time as the property tax requisition is received from the Province.

#### **POLICY STATEMENT:**

The legislation governing Regional Districts states, in general terms, that each service must be managed like it is the only service provided by the Regional District. The Board of Directors of the Cariboo Regional District has determined that it is in the public interest to self fund all Regional District Service Operations for the first seven months of the fiscal year, up until the property tax requisition is received from the Province of British Columbia. This will avoid interest costs that would be incurred if the Board were to utilize interim borrowing to fund the first part of the year.

\*\*\* END OF POLICY \*\*\*

## **PROCEDURE STATEMENT:**

1. Each service provided by the Regional District shall be operated and financed like it is the only service operated by the Regional District.
2. The annual property tax requisition is received by the Regional District from the Province of British Columbia in the first week of August of each year.
3. Each service will have Operating Reserves set aside in order to fund operations until such time as the property tax requisition is received from the Province.
4. The Board of Directors shall adopt the appropriate Operating Fund Reserve Bylaws.
5. The Bylaws shall stipulate that the funds in the Operating Reserves are to be used only for:
  - a. the funding of operating costs incurred by the service until such time as the requisition is received.
  - b. Unanticipated emergency expenditures that were not included in the Financial Plan but are approved by the Board.
    - i. Expenditures approved under this section must include a Board resolution establishing the repayment schedule to return the funds to the Operating Reserve as required by this policy.
6. The amount of the operating reserve required by a service shall be based on the average of the previous three years budgeted operating expenditures.
7. The amount of the required reserve shall be calculated annually.

<b>Fund</b>	<b>Purpose</b>	<b>Funding Source(s)</b>	<b>Target Level</b>
Operating Fund	To fund the operations of each service until such time as the tax requisition is received from the Province of British Columbia as well as any emergency or unanticipated expenditures as approved by the Board.	<ul style="list-style-type: none"><li>• General (Accumulated) Surplus</li><li>• Budgeted transfers included in the annual Financial Plan</li><li>• Annual Operating Surplus</li></ul>	The average of previous three years budgeted operating expenditures, calculated annually.

## **Interim Measures**

The Board of Directors recognizes that not all Regional District Services have sufficient accumulated surplus to meet the needs of this policy. For those services the Board establishes the following steps:

1. Staff will identify those services where this policy is not applicable due to the nature of the service.
2. Staff will identify each service where the accumulated surplus is insufficient for the purposes of this policy.
3. The Board will use this information and in consideration of the services tax base, resource needs and general economic conditions establish a schedule of contributions (which may result in tax increases) required to comply with this policy. This schedule may take several years.
4. Staff will use the Board approved schedule and any required contributions shall be made prior to any other discretionary item in the financial plan.

5. Should the Regional District find itself in a position where borrowing is required in the interim the borrowing costs shall be shared amongst the services that are not in compliance with this policy.

**\*\*\*END OF PROCEDURE\*\*\***

<u>Amended (Y/N)</u>	<u>Date Reissued</u>	<u>Authority (Resolution #)</u>