

Reserve funds are established by Council for a specific purpose. They contain funds that have been set aside as directed by a requirement of provincial or federal legislation, a contractual agreement with the City, or by a decision of Council. Examples of items funded through reserve funds include major repair, renovation or rehabilitation of buildings or large equipment; acquiring new assets; and the lifecycle replacement of older City assets.

Appropriately funded reserves and reserve funds protect against unexpected shifts in revenue and expenditures, provide funding for one-time expenditure requirements, and minimize fluctuations in taxes caused by cyclical conditions. Credit rating agencies consider a municipality's level of reserves and reserve funds in their rating process.

Detailed information on reserves and reserve funds can be found in Volume III of this document.

Policies

Introduction

The City has a long tradition of strong and stable financial management. These policies govern and assist staff in administering guidelines and procedures in the preparation of, and subsequent variance reporting for, both the capital and operating components of the budget, including staff complement control. All policies and procedures comply with the *Municipal Act, 2001*. Details of each of the financial policies, procedures and guidelines follow.

All financial policies are created by Finance staff in consultation with subject matter experts and circulated to service areas for comment prior to final approval. Policies are reviewed on a regular basis to ensure they are up to date and in alignment with the City's current practices.

Accounting Policies

Accounting policies guide basic accounting functions. Examples of accounting policies include those that pertain to the preparation of journal entries and authorization requirements, and tangible capital asset reporting. All accounting policies are fully compliant with Public Sector Accounting Standards. The following section includes some of the City's main accounting policies.

Accounts Payable Policies

These policies provide guidance for the request, approval and processing of vendor and employee expenses for the Corporation. Each policy outlines the available methods of payment, approval authorities, and roles and responsibilities for processing payments to vendors and employees.