

POLICY

	Policy:	TAX STABILIZATION RESERVE		
	Department:	Corporate Services		
	Division:	Finance	By-Law No:	2016-19
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1. POLICY STATEMENT

- 1.1. The Corporation of the Town of Amherstburg is committed to establishing controls and procedures for the use and administration of the Tax Stabilization Reserve.

2. PURPOSE

- 2.1. This policy provides the purpose, main source of funding, maximum balance, and transitional process for reducing reserve funding for ongoing operating expenditures.
- 2.2. This policy provides the purpose and conditions for the Tax Stabilization Reserve.

3. SCOPE

- 3.1. This policy applies to all and any Town employee involved in the administering of the Tax Stabilization Reserve.
- 3.2. This policy only applies to the Tax Stabilization Reserve, or any other document that may refer to this policy or its sections.

4. DEFINITIONS

- 4.1. **Accountability** means the obligation to answer to the general public, Council, and vendors for procurement results and for the manner in which purchasing responsibilities are discharged.

- 4.2. **Chief Administrative Officer (CAO)** is the Chief Administrative Officer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 229 of the Municipal Act, 2001.
- 4.3. **Clerk** is the Municipal Clerk for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 228 of the Municipal Act, 2001.
- 4.4. **Council** refers to the current elected Council for the Corporation of the Town of Amherstburg. This includes, as an entirety, the Mayor, Deputy Mayor and Councillors.
- 4.5. **Director** is the person responsible for direction and operational control of a division as defined on the Town's organizational structure.
- 4.6. **Manager** reports directly to a Director (or the CAO in some instances) and who is responsible for a department within a division of the Corporation, as defined on the Town's organizational structure.
- 4.7. **Senior Management Team (SMT)** is comprised of the Chief Administrative Officer and the Directors. If a Director is unavailable, a delegate may be assigned.
- 4.8. **Town** is the Corporation of the Town of Amherstburg.
- 4.9. **Treasurer** is the Treasurer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 286 of the Municipal Act, 2001.

5. **INTERPRETATIONS**

- 5.1. Any reference to this Policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a By-law or Town policy shall be deemed to be a reference to the most recent passed policy or By-law and any replacements thereto.

6. **GENERAL CONDITIONS**

- 6.1. The Tax Stabilization Reserve is intended to stabilize tax increases from year to year and is an Equity Reserve of the Town of Amherstburg.
- 6.2. **Use of Reserve**
 - 6.2.1. The reserve is to be used for the following purposes:
 - 6.2.1.1. A contingency fund for operational emergencies, urgent or contingency capital expenditures, and to compensate for unplanned revenue reductions with significant financial impacts.

6.2.1.2. Investment income from the reserve would be used to fund one-time operating budget expenditures.

6.2.2. Any favourable town operating budget variances are to be transferred to the Tax Stabilization Reserve.

6.2.3. Tax-supported operating budget surpluses and investment incomes earned on the Tax Stabilization Reserve are to be added to the Reserve.

6.2.4. In budget projections and proposed budgets, Financial Services will indicate funding for tax-supported, one-time operating expenditures as coming from the Tax Stabilization Reserve.

6.2.5. Urgent Situations with significant financial impacts will be reported to Council by Administration for potential use of Tax Stabilization Reserve funds.

6.3. **Reserve Targets**

6.3.1. The minimum Tax Stabilization balance is set at 5% of the Town's gross tax revenue.

6.3.2. The target balance for the Tax Stabilization is to be 15% of the Town's gross tax revenue.

6.4. This reserve can be a non-cash reserve, as the Town of Amherstburg's cash flow needs require the Town to carry significant amounts of taxes recoverable.