

CITY OF CAMPBELL RIVER COUNCIL FINANCE POLICY

Adopted: September 12, 2000

Council Resolution No. 00-762

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2. FINANCE

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Amendment Oct 09/01 Res. #01-0698, Section 2.1 replaced entirely Jan 23-17 Res. #17-0031, Sec. 2.1 replaced entirely Apr 27-23 Res. #23-0186

2.1 DEBT POLICY

2.1.1 PURPOSE OF POLICY

The purpose of the City's debt policy is to establish financial guidelines and appropriate controls for the procurement and use of debt and to ensure a sound financial position is maintained while supporting the City's ability to meet current and future challenges.

2.1.2 DEFINITIONS

“Alternative Approval Process” is one of the two forms of electoral approval to support a bylaw. Pursuant to section 86 of the *Community Charter*, after a specified public notice period, alternative approval is obtained if no more than 10% of eligible electors have signed elector response forms indicating that Council may not proceed with the loan authorization bylaw.

“Capital Assets” are the City's assets that are used in the delivery of services and have estimated useful lives extending beyond one year.

“Core Assets” are the City's infrastructure that provides core service levels to the taxpayers, primarily linear and related infrastructure including roads and transportation, storm water, sewer, water, in addition to City facilities.

“Debt Servicing Costs” are the annual repayment costs of debt which include scheduled principal and interest payments. Debt servicing costs will be funded by the respective fund operating budget revenues, property taxation or user fees.

“Elector Approval” is the approval of the electors to support a bylaw which can be obtained by either referendum or with the alternative approval process. External borrowing requires elector approval under most circumstances per section 180 of the *Community Charter*.

“Financial Stability & Resiliency Policy” is the Policy to support strategic long-term planning. The Policy includes many components to ensure focus is on long-term stable tax increases and ongoing funding to support service levels. The components include a ten-year financial plan, reserve restructure and policy, net funding model for reserve contributions, waterfall system for reserve balances, and budget parameters providing stable funding for base operating budget, demands for new services, ongoing capital funding, and asset infrastructure management.

“Liabilities Under Agreements” is the proceeds from short-term borrowing under section 175 of the *Community Charter*. The maximum allowable term is five years, must be of capital nature and cannot be transferred to long-term debt. Council must pass a resolution authorizing the debt for the project and specifying the principal repayment terms.

“Long-Term Borrowing” is the proceeds from borrowing with an underlying loan authorization bylaw approved by the Ministry and the electorate pursuant to section 179 of the *Community Charter*. Debt is generally used for a capital project and the debt term cannot exceed the lesser of the estimated useful life of the underlying asset or thirty years.

“**Referendum**” is one of the two forms of elector approval to support a bylaw. Pursuant to section 85 of the *Community Charter*, assent of the electors by referendum is obtained only if a majority of the votes counted are in favour of the loan authorization bylaw.

“**Revenue Anticipation Borrowing**” is the proceeds from borrowing under section 177 of the *Community Charter*. The maximum allowable term is one year and is to be repaid with revenue from property taxes. Debt must be used to meet current lawful expenditures and pay amounts required to meet the municipalities taxing obligations in relation to another local government or public body.

“**Short-Term Borrowing**” refers to the following types of borrowing: Revenue Anticipation Borrowing, Short-Term Capital Borrowing, Temporary Borrowing, and Liabilities Under Agreements

“**Short-Term Capital Borrowing**” is the proceeds from borrowing with an underlying short-term capital borrowing bylaw approved by the Ministry pursuant to section 178 of the *Community Charter*. Debt must be used for a capital project and the debt term must be payable no later than the lesser of 5 years or the reasonable life expectancy of the capital asset. The prescribed limit is set under BC Reg. 368/2003.

“**Temporary Borrowing**” is short-term borrowing less than five years that is utilized for the construction period of a capital project. The temporary borrowing bylaw provides financing up to the amount approved under an adopted long-term loan authorization bylaw pursuant to section 181 of the *Community Charter*.

2.1.3 POLICY ADMINISTRATION

2.1.3.1 RESPONSIBILITIES

The Finance Department management shall be responsible for:

- Ensuring the use of debt funding as a financing tool is utilized in compliance with this policy.
- Ensuring the management and maintenance of existing debt is in compliance with this policy.
- On an “as required” basis, recommend revisions or amendments to this policy due to changes in financial stability, capital financing needs, applicable statutes, accounting standards, or the economy.

The procurement of new debt must be approved by City Council.

2.1.3.2 DEBT APPROVAL PROCESS

The use of debt as a funding source for projects in the financial plan, and related debt servicing costs will be approved by Council through the City’s annual financial planning bylaw. Debt servicing costs must be affordable and sustainable within the City’s *Financial Resiliency & Stability Policy*.

Pursuant to section 182 of the *Community Charter*, long-term debt must be undertaken by the City’s applicable regional district, the Strathcona Regional District.

2.1.3.3 LENDING INSTITUTIONS

The City must borrow long-term debt from the Municipal Financing Authority (MFA), pursuant to section 410 of the *Local Government Act*. The City may borrow short-term debt from the MFA or the bank.

2.1.3.4 INTEREST

All debt procurements will accumulate interest expense each year which will be funded by the respective funds primary revenues, whether property taxation or user fees.

2.1.3.5 INTERNAL BORROWING

The City has established an internal borrowing reserve under section 189 (4.2) of the *Community Charter*, the capital lending reserve, which provides flexibility to fund capital projects that would not otherwise be affordable given existing reserve balances. The City's reserve and surplus policy states that each project funded by the capital lending reserve must have clearly defined and attainable payback plans up to a fifteen-year term, including payment of foregone interest.

2.1.3.6 BORROWING LIMITS

Limits shall be established to determine the affordable levels of debt and related debt servicing costs for the City. A review of the borrowing limits shall be undertaken as required with consideration of the flexibility, sustainability, and vulnerability of the City's financial position today and in the future. Intergenerational equity shall be considered which can be defined as achieving a fair, equitable balance of costs and benefits between present and future users for the costs of maintaining City infrastructure.

2.1.4 GUIDING PRINCIPLES AND OBJECTIVES

2.1.4.1 GUIDING PRINCIPLES

Incurring debt commits a municipality's revenues several years into the future and may limit the government's flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to a debt policy ensures debt is procured and managed sensibly in order to maintain a sound fiscal position and protect credit quality.

The City's management of debt shall conform to the statutory and legal requirements including the *Community Charter and Local Government Act*.

2.1.4.2 OBJECTIVES

The primary objectives of the City's use of debt are to:

- a. Provide Funding for the Capital Plan

Debt will be utilized primarily for financing capital projects. Short-term debt can be utilized to finance short-term capital projects, for a financial emergency that was not anticipated or where financially advantageous.

b. Fairness and Stability for Taxpayers

The use of external debt financing and internal reserves to fund the City's capital plan ensures fairness to both current and future City taxpayers. Debt financing provides long-term payback of significant investment in capital assets, which provides a greater correlation between the lifecycle of the related asset and the payment for that asset. Core facility and infrastructure assets have long useful lives which support long-term debt terms.

The City will strive to be proactive in achieving long-term financial stability and balancing the costs of maintaining stable tax increases for current and future taxpayers.

c. Maintain Service Levels

In order for the City to maintain its service levels, core infrastructure assets must be maintained and upgraded to meet the demands of taxpayers. Ongoing capital maintenance, upgrades and enhancements of City core infrastructure ensures the City can continue to provide existing and enhanced service levels.

2.1.4.3 USE OF DEBT

The primary uses of the City's debt financing are to:

a. Safeguard and Replace Existing Core Capital Assets

The primary use of long-term debt in the long-term financial plan is to safeguard and replace existing capital assets. The City has an inventory of specialized machinery, equipment, facilities, technology and infrastructure that are necessary for the efficient delivery of services to the public. These capital assets need to be upgraded and replaced according to service lifecycle to maintain service levels and to reduce the risk of escalating costs of repair if these assets are not maintained and upgraded as necessary. The use of external debt financing with a long-term payback provides additional funding.

b. Growth and Development Funding Support for Core Capital Assets

A secondary purpose of utilizing long-term debt is to provide funding support for core capital asset infrastructure renewals or upgrades relating to the growth and development of the City. Debt financing can be utilized to provide funding support for these necessary upgrades and expansion of services.

2.1.4.4 BUSINESS CASES

Any capital project with a recommendation for debt funding must be supported by a business case and capital project plan as per the Financial Resiliency & Stability Policy and presented to Council.

2.1.5 BORROWING LIMITS

2.1.5.1 LEGISLATED LIMIT

The legislated limit for debt servicing is 25% of adjusted total revenues, as determined annually by the Ministry of Municipal affairs (guided by section 174 of the *Community Charter* and the *Municipal Liabilities Regulation 254/2004*).

2.1.5.2 GUIDELINES FOR OVERALL CITY LIMIT

The City has established specific borrowing limits that ensure that the City maintains financial stability and flexibility today and in the future.

In evaluating the City's overall debt capacity, debt servicing costs should generally not exceed 10% of calculated revenues for the previous year; and in no circumstance should they exceed 12.5%.

The maximum limit of debt servicing costs for the City has been established at half of the legislated limitation; this provides adequate debt financing to fund required capital projects without hindering the City's ability to maintain base service levels.

2.1.5.3 GUIDELINES FOR FUND LIMITS

Debt funding needs for each City Fund will vary based on asset conditions and estimated useful lives for respective asset categories in each fund; additional limits have been established to ensure that any one Fund does not utilize all debt capacity available to the City and to ensure general fund and utilities infrastructure upgrades can be undertaken as necessary.

a. General Fund

For general fund debt, where taxation is the primary source of revenues and there are numerous service levels to be funded, debt servicing costs should generally not exceed 10% of calculated general fund revenues (including airport) for the previous year; and in no circumstance should they exceed 12.5%.

b. Utility Funds

For utility funds, including sewer and water, where user fees are the primary source of revenues and the related services are self-funded with a primary focus on maintaining and upgrading core infrastructure to maintain services, debt servicing costs should generally not exceed 15% of the respective utility fund's calculated revenues for the previous year; and in no circumstance should they exceed 20%.

2.1.6 DEBT TERM

2.1.6.1 USEFUL LIFE OF ASSET

Long-term debt terms shall not exceed the lesser of the estimated useful life of the underlying asset or thirty years pursuant to section 179 (5) of the *Community Charter*. It is preferred for the debt term to be

less than the expected life of the asset, if it is affordable. Short-term debt terms shall be payable no later than the lesser of 5 years and the reasonable life expectancy of the capital asset.

2.1.6.2 FLEXIBILITY

Commitment to long-term debt should not impede the City's future flexibility and funding availability for future projects. The recommended debt term is fifteen to twenty years, with a minimum of ten years up to a maximum of thirty years.

When the City is considering debt terms interest rates should be a consideration with more flexibility on longer terms if interest rates are low and similar to shorter terms when interest rates are high. Total interest costs for a debt procurement should be within 15-45% of the total amount of debt borrowed, with 25-30% as an expected target. As interest rates increase, this ratio will need to be reviewed.

2.1.6.3 STABILITY

The debt term and related debt servicing costs must be funded by long-term sustainable revenues.

2.1.7 DEBT RETIREMENT

2.1.7.1 EARLY RETIREMENT

The decision to retire debt before the originally intended debt term must be completed in consideration of the overall capital plan and funding requirements, as well as the consideration of the long-term stability under the *Financial Stability & Resiliency Policy*. It will be necessary to consult with the Municipal Finance Authority (MFA) to determine the feasibility and timing of early retirement debt.

Amendment July 16/01 Res.#01-0203, Feb 9-16 Section 2.2 replaced entirely

2.2 RESERVE AND SURPLUS

2.2.1 PURPOSE OF POLICY

This policy has been developed to provide guidance and direction for the development, maintenance, and the use of City's reserve and surplus funds.

2.2.2 DEFINITIONS

"Annual Surplus" means the accumulated excess of revenues over expenses for the current year.

"Accumulated Surplus" means the accumulated excess of revenues over expenses from prior years which has not been set aside for specific purposes.

"Reserve Funds" means funds that are set aside for a specified purpose by Council pursuant to section 188 (1) of the *Community Charter*. These reserves are established via City bylaws and are discretionary on the part of Council.

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“Mandatory Reserve Funds” means funds set aside for specified purposes as required by and pursuant to specific legislation. These reserves are established via City bylaws and are nondiscretionary on the part of Council.

“Reserves” means all of the City’s reserve funds and mandatory reserve funds.

2.2.3 POLICY ADMINISTRATION

2.2.3.1 RESPONSIBILITIES

The Finance Manager shall be responsible for:

- Ensuring reserve/surplus funds are established and maintained in compliance with this policy;
- Conducting an annual review of the reserve/surplus funds and reporting the results to City Council;
- On an “as required basis”, recommended revisions or amendments to this policy, due to changes in applicable statutes, accounting standards, or economy.

2.2.3.2 CORPORATE PURPOSE

Reserves must have a unique and specific corporate purpose. Every effort must be made to:

- Reduce complexity by combining amounts with similar purposes,
- Eliminating those with redundant or outdated purposes,
- Re-focus departmental reserves to corporate purposes and strategic plans.

2.2.3.3 RESERVE CONTRIBUTIONS

Annual and/or periodic contributions to reserve funds shall be specific to each reserve, as approved by Council through the City’s annual financial planning bylaw.

2.2.3.4 MINIMUM AND OPTIMUM RESERVE BALANCES

A minimum and optimum balance shall be established for each reserve/surplus fund. The minimum balance will ensure that each fund is not depleted to the degree that it is no longer able to serve its intended purpose. The optimum balance ensures the City’s guiding principles are achieved and that excess funds are not remaining idle that could be otherwise utilized for other corporate priorities. A review of actual, minimum and optimal fund balances shall be undertaken annually.

2.2.3.5 INTERNAL BORROWING

Internal borrowing from reserve/surplus funds shall be permissible as allowed for by legislation, if a clearly defined and attainable payback plan, including payment of foregone interest is in place. Internal borrowing allows for more flexibility in terms of payback amount and loan duration than external borrowing. Paybacks shall be executed according to plan.

2.2.3.6 INTEREST

All reserve funds will earn interest each year. Interest will be calculated based on the Fund balances at the end of year using the City's average rate of return on investments. Per section 189 (1) of the *Community Charter*, any interest earned in a reserve fund must be used only for the purpose for which the fund was established.

2.2.3.7 GUIDE AND TRANSITION

The minimum and optimal fund balance guidelines shown in this policy serve as a guide in moving the City towards the goals or targets it wishes to attain, in terms of individual fund balances. It is recognized that the City's fund balances are not reaching minimum and optimal levels at the time of enacting this policy; however, the City is transitioning towards its optimal targets.

2.2.4 GUIDING PRINCIPLES AND OBJECTIVES

2.2.4.1 GUIDING PRINCIPLES

All reserve and surplus funds must be established, maintained and used for a specified purpose as mandated by this policy, statute, or City by-law.

The City's management of reserve and surplus funds needs to conform to the statutory and legal requirements of the *Local Government Act* and the *Community Charter*.

2.2.4.2 OBJECTIVES

The primary objectives of the City's reserve and surplus funds are to:

a. Ensure Stable and Predictable Levies

The City recognizes that unstable and unpredictable tax levies can adversely affect residents and businesses in Campbell River. In order to maintain stable and predictable levies, the City will maintain sufficient reserves to buffer the impact of any unusual or unplanned cost increases and revenue volatility over multiple budget cycles.

b. Provide for Operating Emergencies

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The City is exposed to unusual operating emergencies resulting from inclement weather, catastrophic events, law enforcement issues, legal claims, insurance claims, tax assessment appeals, environmental hazards and various other events. It may not be feasible, or cost-effective, to absorb the costs in one budget cycle. The City will maintain adequate reserves to minimize the financial impact of such emergencies, extensive service interruptions, and prevent risks to infrastructure and public safety.

c. Finance New Capital Assets

The use of reserve funds for financing new capital assets is an effective means of matching one-time funds to one-time capital projects. In addition, the City requires financial resources to leverage external funding or to quickly respond to opportunities that could provide capital infrastructure through private sector partnerships, and other alternative service delivery methods. Typically new capital assets are for an increase to service levels.

d. Safeguard and Maintain Existing Assets

The City has an inventory of specialized machinery, equipment, technology and infrastructure that are necessary for the efficient delivery of services to the public. These capital assets need to be maintained and replaced according to service lifecycle. The reserve balances are focused on maintaining enough funds overall to manage risk of asset failure with a focus on annual spending and investment of infrastructure rather than maintaining significant balances in reserve. Typically to maintaining existing assets are for maintaining existing service levels.

e. Focus on Long-Term Financial Stability

The City recognizes that adequate reserve/surplus levels are important in achieving community goals including financial health and stability. The City will strive to be proactive in achieving long-term financial stability and balancing the costs of maintaining healthy reserves/surplus levels to current and future taxpayers.

2.2.5 RESERVE CATEGORY

Reserve funds have been categorized by the purpose of the funds to provide additional clarity and direction for the use of the reserve funds. Some reserve funds include more than one category as applicable, mainly the capital reserves that cover both risk mitigation and planned capital spending.

2.2.5.1 WORKING CAPITAL

Working capital reserve funds are for cash flow purposes which are the accumulated surplus of each City fund, including general, airport, sewer and water.

2.2.5.2 OPPORTUNITY

Opportunity reserve funds are available to spend on opportunities, outside of regular City maintenance and Community Charter requirements. These reserve funds offer flexibility in the financial planning process.

2.2.5.3 DEDICATED REVENUE SOURCE

Dedicated revenue source reserve funds have a dedicated revenue source through the *Community Charter*, external grant funding or as directed by Council; this includes the DCC reserve funds and gaming and community works fund reserve funds.

2.2.5.4 RISK MITIGATION

Reserve fund balances in the capital reserves are focused on maintaining adequate levels in these reserves to cover risk of uninsured asset failure overall, rather than maintaining significant balances in each of the reserve funds.

2.2.5.5 PLANNED CAPITAL SPENDING

Reserve funds are the key mechanism to fund the capital project plan of the City; funding is allocated through the reserve funds from different funding sources. By flowing the funding through reserves, the tracking of spend for each asset category is more efficient.

2.2.6 ACCUMULATED SURPLUSES

The City needs to maintain accumulated surplus balances in its four operating funds (general, airport, sewer, water) for working capital or cash flow purposes. Maintaining minimum working capital funds eliminates the need to borrow externally and/or internally to cover operating expenses before property taxes, user fees and other revenues are collected.

Surplus funds in excess of adequate levels as established by this policy will be transferred to a reserve fund. For general fund, excess will be transferred to the financial stabilization reserve. The airport is funded by general fund therefore the accumulated surplus will be maintained in general accumulated surplus. For sewer and water accumulated surplus; excess funds will be transferred to the respective capital reserves for these funds.

2.2.7 OPERATING AND OPPORTUNITY RESERVES

Pursuant to subsection 188 (1) of the *Community Charter*, Council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund. The following reserve funds have been established for the purpose(s) identified:

2.2.7.1 CARBON NEUTRAL RESERVE

This reserve is to provide funding for carbon neutral initiatives; part of working towards carbon neutrality as per the Climate Action Charter commitment.

2.2.7.2 COMMUNITY PARTNERSHIP COMMITTEE RESERVE

This reserve is to provide flexibility for approval of additional amounts for grants-in-aid over and above the annual budget allocation.

2.2.7.3 COMMUNITY WORKS GAS TAX RESERVE

This reserve is to be used pursuant to the Community Works Gas Tax Agreement; funds to be used to build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities. This reserve will be used for enhancements and betterments to the community and to fund Council's strategic capital projects.

2.2.7.4 FINANCIAL STABILIZATION RESERVE

The financial stabilization reserve has been established for the following purposes:

a. Significant Operating Events and Environmental Emergencies

These appropriations are for major non-reoccurring costs related to significant operating events and various emergency events or situations, for instance significant legal costs/claims, insurance claims/deductibles, significant RCMP events, inclement weather, environmental hazards, and the like.

b. Revenue Stabilization and Operating Contingency

These appropriations are intended to stabilize the impacts of cyclical revenue downturns and operating cost increases that are largely temporary and not within the City's ability to adjust to in the short-term.

c. One-Time and Intermittent Projects

These appropriations are to allow the City the flexibility to fund one-time and intermittent operating projects without resulting in a spikes and declines in general taxation.

This reserve can be utilized by the airport fund as necessary.

Any excess of the financial stabilization reserve will be transferred to the capital reserves.

2.2.7.5 GAMING RESERVE

This reserve is to support Council strategic priorities and initiatives; this fund can be used for any municipal purpose however Council has a general policy to use a portion of the funds for social issues and Council contingency.

2.2.7.6 INTERNATIONAL RELATIONSHIP RESERVE

This reserve is to fund maintaining international relations with other countries; it includes funds for the Ishikari anniversary relationship and Twinning Asia Pacific relationships.

2.2.7.7 LEGACY LANDMARK RESERVE

This reserve is to fund the maintenance and replacement of legacy landmark program trees, benches and picnic tables.

2.2.7.8 SOLID WASTE RESERVE

This reserve is to fund solid waste initiatives and to offset solid waste user fee increases using prior year solid waste function surpluses.

2.2.8 CAPITAL RESERVES

Pursuant to subsection 188 (1) of the *Community Charter*, Council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund. The following reserve funds have been established for the purpose(s) identified, in addition to any asset related operational expenses:

2.2.8.1 AIRPORT RESERVE

This reserve is to fund airport projects and initiatives including the 5% of City funding used to leverage 95% ACAP (Transport Canada) funding for capital infrastructure projects including heavy equipment.

2.2.8.2 CAPITAL WORKS RESERVE

This reserve is to fund roads capital and replacement projects including roads, traffic signals, curb and gutters, sidewalks and streetlights. This reserve can also be used to fund other capital projects as needed.

2.2.8.3 FACILITIES RESERVE

This reserve is to fund major repairs, upgrades, replacement and expansions of municipal buildings, ancillary structures, and site services, including pier marine infrastructure.

2.2.8.4 FLEET AND HEAVY EQUIPMENT RESERVE

This reserve is to fund the replacement of City fleet and heavy equipment, excluding fire trucks and airport heavy equipment eligible for ACAP funding.

2.2.8.5 FIRE RESERVE

This reserve is to fund the purchase and replacement of fire trucks and fire equipment.

2.2.8.6 FURNITURE AND EQUIPMENT RESERVE

This reserve is to fund the purchase and replacement of City furniture and equipment, including airport.

2.2.8.7 INFORMATION TECHNOLOGY RESERVE

This reserve is to fund the purchase and replacement of information technology assets and enterprise information system infrastructure and software, including enhancements to those systems. This includes general, airport, sewer and water.

2.2.8.8 PARKS RESERVE

This reserve to fund the acquisition and development of parkland as per Council bylaw. This reserve includes funding for rip rap and boat ramp marine infrastructure.

2.2.8.9 SEWER RESERVE

This reserve is to fund sewer utility equipment, buildings, land improvements, and infrastructure.

2.2.8.10 STORM WATER RESERVE

This reserve is to fund storm water infrastructure.

2.2.8.11 WATER RESERVE

This reserve is to fund water utility equipment, buildings, land improvements, and infrastructure.

2.2.9 MANDATORY RESERVE FUNDS

If monies are received from specific sources, certain reserve funds must be established for administering these funds, as per specific legislation. These reserve funds are termed by the City to be mandatory reserve funds, and are as noted below.

2.2.9.1 DEVELOPMENT COST CHARGE (DCC) RESERVE FUNDS

Per subsection 188 (2) (a) of the *Community Charter*, separate reserves need to be established for DCC collections and use, under section 935 of the *Local Government Act*.

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The following DCC reserves have been established for the purpose so identified in the associated DCC bylaws and are as follows:

- a. Parkland Acquisition DCC
- b. Parkland Development DCC
- c. Roads DCC
- d. Sewer DCC
- e. Storm Drain Quinsam DCC
- f. Water DCC

2.2.9.2 PARKLAND ACQUISITION RESERVE FUND

Per subsection 188 (2) (b) of the *Community Charter*, Funds received from the sale or disposal of parkland as well as funds received pursuant to section 941 of the *Local Government Act* (parkland funds received upon subdivision) must be set aside in a reserve and be used exclusively to purchase parkland. The parkland acquisition reserve fund has been established for accumulating and expending monies as per this requirement.

2.2.9.3 CAPITAL LENDING RESERVE

Per subsection 188 (2) (e) of the *Community Charter*, except for tax sale proceeds and parkland proceeds, money received from the sale of land and improvements must be used to pay any debt remaining in relation to the property, with any remaining funds to be used for acquiring land, improvements and other assets of a capital nature.

Net proceeds of any land sale (excluding parkland) are transferred to the capital lending reserve for internal borrowing opportunities. Repayment to the reserve must be at a maximum of 15 year term. Repayments must be made in equal annual installments throughout the term of the loan; borrowing can be repaid at any time without penalty. The interest rate will be fixed to Municipal Finance Authority interim financing rates at the time of borrowing, calculated annually.

The fund can be used for general and airport capital projects.

2.2.10 APPENDIX

The reserves/surplus policy appendix includes additional detail on the City's reserve funds including the funding source, minimum and optimum levels and the rationale for levels established.

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Reserve and Surplus Policy - Appendix

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Airport Accumulated Surplus	Working capital	For working capital purposes in the airport operating fund.	Annual airport operating surplus.	\$150,000 1 month of operating expenses (excluding depreciation and internal cost allocations)	\$300,000 2 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before revenues are received. Regular revenue activity, with increased costs and revenues in the summer season. Airport operation deficits are currently funded by general fund therefore the minimum surplus balanced is funded by general accumulated surplus.
Airport Reserve	Opportunity, Planned capital spending	To fund airport projects and initiatives. Includes TCA classes 1215 airport runways and 2000 airport buildings.	Airport improvement fee revenue and net capital funding allocations as necessary.	\$200,000 1% of total cost of airport building and land improvement tangible capital assets.	\$500,000 2.5% of total cost of airport building and land improvement tangible capital assets.	This reserve is utilized to leverage 5% of City funding for 95% ACAP (Transport Canada) grant funds on airport infrastructure including heavy equipment. Additionally, this reserve is used to invest in business opportunities and other initiatives to increase airport profitability.
Capital Lending Reserve	Opportunity, Dedicated revenue source	To provide an opportunity for investing in capital projects through internal borrowing.	100% of net land sale proceeds, excluding parkland and net capital funding allocations as necessary.	N/A	N/A	Funds in this reserve can be utilized to invest in projects where funding would otherwise not be available. Required annual repayment on withdraws, up to 15 year term.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Capital Works Reserve	Risk mitigation, Planned capital spending	To fund roads capital and replacement projects including roads, traffic signals, curb and gutters, sidewalks and streetlights. Includes TCA classes 4000 linear assets – roads and bridges; as well as other assets as needed. This reserve is the flexible capital reserve.	Annual contribution from taxation, in addition to any other revenue sources that can be attributed to the capital program. Capital works reserve is the flow through reserve to allocate additional capital funding.	\$1,200,000 1% of total cost of roads tangible capital assets.	\$3,000,000 2.5% of total costs of roads tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs. Includes Erickson Road funds from the Ministry of Transportation (MoT).

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Carbon Neutral Reserve	Opportunity	To provide funding for carbon neutral initiatives; part of working towards carbon neutrality as per the Climate Action Charter commitment.	Annual transfer from community works gas tax reserve in lieu of purchasing carbon offsets, in addition to annual CARIP (Climate Action Revenue Incentive Program) funding.	N/A	N/A	Annual funding to this reserve of an estimated \$40,000 are based on climate mitigation and adaptation strategies that target energy and GHG reductions associated with facilities or transportation of either City-owned assets or Community public lands and services. CARIP grants of approximately \$30,000 per year are received from the Province as part of being a member of the Climate Action Charter commitment.
Community Partnership Committee Reserve	Opportunity	To provide flexibility for approval of additional amounts for grants-in-aid over and above the annual budget allocation.	Budgeted transfers as available from remaining annual allocation.	N/A	N/A	Grants-in-aid provided to local recreation and culture organizations is based on 1.7% of general operating fund revenues per year; excess funds in any given year can be transferred to reserve for future grants as determined by Council.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Community Works Gas Tax Reserve	Dedicated revenue source, Planned capital spending	To be used pursuant to the Community Works Gas Tax Agreement; funds to be used to build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities. Fund utilized for ongoing enhancements and betterments to the community and Council strategic capital projects.	Federal Community Works Gas Tax funds distributed by the Union of BC Municipalities (UBCM).	N/A	N/A	Reserve level and related spending is dependent upon gaming funds received. The intent is to spend all funds received. Historically, funding has been used 90% for capital initiatives and 10% for operating initiatives.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Facilities Reserve	Risk mitigation, Planned capital spending	To fund major repairs, upgrades, replacement and expansions of municipal buildings, ancillary structures and site services, and pier marine infrastructure. Includes TCA classes 2000 buildings (excluding airport, sewer, water) and 8001 docks and wharves. Excludes airport, sewer, water funds.	Annual contribution from taxation and net capital funding allocations as necessary.	\$300,000 1% of total cost of facilities tangible capital assets.	\$750,000 2.5% of total cost of facilities equipment tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs. Includes MHC repair and maintenance reserve, SPCA building reserve, and Norm Wood salt storage building reserve.
Financial Stabilization Reserve	Risk mitigation, Opportunity	For major emergent operating issues, one-time and intermittent projects, and to offset unrealized revenues.	Excess funds transferred from accumulated surplus general.	\$950,000 2.5% of general operating fund revenues.	\$1,900,000 5% of general operating fund revenues.	Stabilization in part funds emergent issues and offset unrealized revenues which generally do not exceed a percentage of the general operating fund budget. Excess balances transferred to capital reserves.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Fleet and Heavy Equipment Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of City fleet and heavy equipment, excluding fire trucks. Includes airport, sewer, water fleet and heavy equipment; excludes airport heavy equipment eligible for ACAP (Transport Canada) funding. Includes TCA classes 3400 licensed & unlicensed vehicles (excluding 3402/3402 fire trucks).	Net gain/loss from fleet and heavy equipment disposals. Annual contribution from taxation; contribution derived from net charges recovered from City departments after payments for fleet/equipment expenses. Net capital funding allocations as necessary.	\$450,000	\$450,000	Fleet failure is a risk to the City and does interrupt business operations therefore minimum and maximum balances are based on ensuring enough funds remain to replace the most expensive fleet asset which is currently a vacuum truck. The annual reserve contributions will be based on planned capital spending and priority needs.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Fire Capital Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of fire trucks and fire equipment. Includes TCA classes 3402/3403 fire trucks and 3202 fire department equipment.	Annual contribution from taxation and net capital funding allocations as necessary.	\$50,000 1% of total cost of fire fleet and equipment tangible capital assets.	\$100,000 2.5% of total cost of fire fleet and equipment tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Furniture and Equipment Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of City furniture and equipment, excluding fire equipment. Includes airport. Includes TCA classes 3000 furniture and 3200 machinery and equipment (excluding 3202 fire department equipment).	Annual contribution from taxation and net capital funding allocations as necessary.	\$50,000 1% of total cost of furniture and equipment tangible capital assets, excluding fire equipment. Includes all funds.	\$150,000 2.5% of total cost of cost of furniture and equipment tangible capital assets, excluding fire equipment. Includes all funds.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Gaming Reserve	Opportunity	To support Council strategic priorities and initiatives; this fund can be used for any municipal purpose. Recommended use is for Council's strategic operating initiatives including social issues and Council contingency.	Gaming funds received pursuant to the City's Host Financial Assistance Agreement with the Province of BC.	N/A	N/A	Reserve level and related spending is dependent upon gaming funds received. The intent is to spend all funds received. Any municipal purpose pursuant to the City's Host Financial Assistance Agreement with the Province of BC.
General Accumulated Surplus	Working capital	To cover cash flows and working capital before property tax revenues are collected.	Annual general operating surplus.	\$3,000,000 1 month of operating expenses (excluding depreciation and internal cost allocations).	\$6,000,000 2 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before property taxes are collected. Includes working capital for airport fund. Excess balances transferred to the financial stabilization reserve.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Information Technology Reserve	Risk mitigation, Planned capital spending	To fund the purchase and replacement of information technology assets and enterprise information system infrastructure, including enhancements to those systems. Includes TCA class 3300 computer equipment (includes equipment, file servers, software and printers).	Annual contribution from taxation and net capital funding allocations as necessary.	\$20,000 1% of total cost of information technology tangible capital assets.	\$50,000 2.5% of total cost of information technology tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
International Relationship Reserve	Opportunity	To fund maintaining internal relationships with other countries; which currently includes Ishikari and Twinning China.	Annual \$5,000 contribution from taxation for Ishikari.	N/A	N/A	Funding received for the development of an economic development twinning relationship with China; no set annual contributions to this reserve. Ishikari reserve setup for 25 th anniversary celebration for sister relationship between Ishikari, Hokkaido and Japan.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Legacy Landmark Reserve	Planned capital spending	To fund the maintenance and replacement of legacy landmark program benches and picnic tables.	20% of the initial charge for the benches and picnic tables.	N/A	N/A	
Parks Reserve	Planned capital spending	To fund the acquisition and development of parkland as per Council bylaw. Includes TCA classes 1200 land improvements (excluding 1215 airport Runways) and 8002/8003 boat launch and other marine structures.	Annual parks parcel tax and net capital funding allocations as necessary.	\$200,000 1% of total cost of parks tangible capital assets.	\$550,000 2.5% of total cost of parks tangible capital assets.	Parks parcel tax is utilized for the development of new parks infrastructure in addition to maintenance of existing parkland. The City has significant investment in parkland at a historical cost therefore the City must balance investing in new infrastructure and maintaining existing.
Parkland Acquisition Reserve	Dedicated revenue source	To purchase parkland as per the Community Charter.	Funds received from the sale or disposal of parkland, and parkland funds received upon subdivision.	N/A	Adequate balance to fund parkland acquisitions per Council's strategic priorities.	Acquisitions are dependent upon collections.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Parkland Acquisition DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved parkland acquisition DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the parkland acquisition capital program.
Parkland Development DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved parkland development DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the parkland development capital program.
Roads DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved roads DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the transportation capital program.
Sewer Accumulated Surplus	Working capital	For working capital purposes in the sewer operating fund.	Annual sewer operating surplus.	\$500,000 2 months of operating expenses (excluding depreciation and internal cost allocations).	\$750,000 4 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before utility fees are collected.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Sewer Reserve	Risk mitigation, Planned capital spending	To fund sewer utility equipment and infrastructure. Includes TCA classes 5000/5100/5200 linear assets – sewage infrastructure and 2000 buildings for sewer fund.	Excess funds transferred from accumulated surplus sewer.	\$550,000 1% of total cost of sewer fund tangible capital assets.	\$1,400,000 2.5% of total cost of sewer fund tangible capital assets.	Borrowing bylaws authorized for sewer capital investment. The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Sewer DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved sewer DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the sewer capital program.
Solid Waste Reserve	Dedicated revenue source.	To offset solid waste user fee increases.	Solid waste user fee surplus.	N/A	N/A	Established by Council in 2013 by excess solid waste user fees to offset future fee increases.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Storm Water Reserve	Risk mitigation	To fund storm water infrastructure. Includes TCA classes 4500 – linear assets drainage infrastructure.	Storm water parcel taxes and net capital funding allocations as necessary.	\$350,000 1% of total cost of storm water tangible capital assets.	\$850,000 2.5% of total cost of storm water tangible capital assets.	The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Storm Drain Quinsam DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved storm drain DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the storm drain capital program.
Water Accumulated Surplus	Working capital	For working capital purposes in the water operating fund.	Annual water operating surplus.	\$550,000 2 months of operating expenses (excluding depreciation and internal cost allocations).	\$850,000 4 months of operating expenses (excluding depreciation and internal cost allocations).	To provide cash flows before utility fees are collected.

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Reserve and Surplus Policy – Appendix Cont.

Reserve	Category	Purpose	Funding Source(s)	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established
Water Reserve	Risk mitigation	To fund water utility equipment and infrastructure. Includes TCA classes 7000/7700 linear assets – water infrastructure and 2000 buildings for water fund.	Excess funds transferred from accumulated surplus water.	\$550,000 1% of total cost of water fund tangible capital assets.	\$1,400,000 2.5% of total cost of water fund tangible capital assets.	Borrowing bylaws authorized for water capital investment. The minimum and optimum levels are based on maintaining a sufficient balance in all capital reserves to cover risk of uninsured asset failure. The annual reserve contributions will be based on planned capital spending and priority needs.
Water DCC Reserve	Dedicated revenue source	For levies received from developers to be used for approved water DCC programs and projects.	DCC collections and credits.	N/A	N/A	Collections and credits dependent on developer activity. Spending is dependent upon eligibility of projects in the water capital program.

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***Amendment June 9/03 Res #03-0599 Section 2.3 and 2.4/ Amend. Jan 24/06 Res#06-0167
Amend. May 11/15 Res. 15-0263 Sec. 2.3 replaced in its entirety/***

2.3 GRANTS

2.3.1 BACKGROUND

Due to limited funds available to the City and in an effort to recognize the potential for senior government 'downloading', Council appointed a task force in 2005 to review best practices and maximize effectiveness in providing grants-in-aid according to the economic conditions of the day. Research from other similar sized municipalities showed that whilst recreation and sports facilities are usually directly operated by local government and social services are governed by other levels of government, arts and cultural facilities and programs are operated by non-profit organizations and therefore require further municipal funding.

2.3.2 PURPOSE

Oct 12/23 Res.#23-0342

The Community Partnership Program is designed to support community arts and culture groups with the delivery of services and/or major events. These groups assist the City in fulfilling the principal objective of promoting a dynamic arts and cultural community, while promoting a positive community spirit in Campbell River. Grants are intended for arts and cultural organizations, but not for religious, sports or social service groups; nor for groups whose primary purpose is to educate through course work, and/or training, as distinct from those that educate through community outreach and programming. Notwithstanding the above, facility rental subsidies are available to all community groups.

The purpose of the Community Partnership Committee is to assist Council in its decision making role by ensuring that Council receives thoughtful and comprehensive advice from a well represented group of individuals from the community with unique skills and knowledge specific to the mandate of this Committee.

The Committee's function shall be to make recommendations to Council on applications for grants-in-aid. Working in the best interests of all Campbell River residents, the Committee will explore ways that community partnership funding can best meet the needs of a growing community.

This policy will provide criteria for determining the appropriateness and suitability of grant-in-aid applications.

Mar 19/18 Res.#18-0145

Oct 12/23 Res.#23-0342 section deleted

2.3.3 FUNDING

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Oct 12/23 Res.#23-0342

The annual funding limit will be \$720,000. The annual funding limit will be reviewed by Council at the beginning of each of Council's term and amendments, if any, will be adjusted in the subsequent period.

Approval of all applications will be based on the City of Campbell River's ability to pay the requested funding.

A consultative process will be entered into to consider repairs, maintenance and long-term replacement or refurbishment of City owned facilities. Funding for this will be in addition to Community Partnership grants.

Council delegates to the Community Partnership Committee the authority to approve grants up to \$5,000.

2.3.4 DEFINITIONS

“Community Group” - A registered non-profit society or charitable organization as defined by Canada Revenue Agency - in good standing.

“Community Partnership Committee” - Made up of 7 members of the community at large to be selected by Council. A staff liaison and two Council liaisons (all non-voting) will be appointed to this Committee. The Community Partnership Committee's terms of reference are established by bylaw.

2.3.5 ELIGIBILITY CRITERIA

A community group may apply for funding and/or subsidized rent if it and the event and/or service fit within the Grant Policy's purpose and comply with the following criteria:

- a. be a benefit to the whole community, or the greatest number of Campbell River residents as reasonably possible;
- b. provide a worthwhile service or facility to the community and not duplicate or compete with existing services or facilities;
- c. the community group must be based in Campbell River;
- d. the event must be open to all members of the public;
- e. demonstrate that every effort has been made to earn or acquire funding from other sources prior to applying for municipal assistance;

Oct 12/23 Res.#23-0342

- f. applicants are required to have greater than 75% of required funding from other sources prior to applying for municipal assistance;
- g. with the exception of Funding Categories 1 and 3, demonstrate they will not create a dependency after the assistance ceases;
- h. the community group must be in compliance with and adhere to all bylaws and policies of the City of Campbell River.

A community group may not apply for assistance, or the application will not be accepted, if:

- a. it is for a for-profit organization;
- b. it is for an event that is/or has been under the funding jurisdiction of other levels of government, government agencies, affiliates and crown corporations;
- c. it is for a purpose which is disallowed by the *Community Charter*;
- d. it is for a purpose which, in the City's opinion, could expose the City to an unacceptable level of risk of liability;
- e. it is for an individual;
- f. it is to pay for City services, i.e. property taxes, development fees
- g. if the organization is currently receiving a permissive tax exemption, with the exception of City owned buildings.

2.3.6 CONDITIONS OF FUNDING

Community groups are expected to abide by the following funding conditions:

- a. funds must be used for the purpose for which they were requested. The City funds cannot be used to issue grants or to provide any type of financial assistance to other organizations;
- b. if the event is a fundraiser, it is run by a local not for profit group and 100% of money raised through the event stays in Campbell River;
- c. the applicant must acknowledge the support of the City of Campbell River in its promotional material related to the event, including banners and signs on site during the event;
- d. in the case that the event is not completed, the City of Campbell River reserves the right to request all or part of the funds returned.

2.3.7 FUNDING CATEGORIES

Inclusion in any category does not obligate or guarantee that funding will be forthcoming for a particular year.

Applications will be considered based on the following five (5) different types of funding categories:

Category 1 – Core Operating Assistance

- a. Community groups which provide ongoing services and which use city land and/or buildings and require ongoing long term funding.

Mar 19/18 Res.#18-0143

Oct 12/23 Res.#23-0342

- b. Funding will be approved for the lesser of the organizations remaining licence of occupation with the City or Council's elected term. Organizations in this category must submit a detailed financial plan to support the number of years of requested funding.
- c. Costs for standard and special maintenance on City building(s) occupied by applicant needs to be included in the budget/funding request.

Category 2 - Events and/or Service

Oct 12/23 Res.#23-0342

- a. Community groups which provide for an ongoing major event and/or service.
- b. Funding will be reviewed and approved annually for a term of one year.
- c. Community groups which provide an infrequent "one-off" major event and/or service.

Oct 12/23 Res.#23-0342 Category 3 and 4 removed in their entirety – category 5 became category 3

Category 3 – Recreation Facility Rental Subsidies

- a. Community groups which require the use of City facilities while hosting athletic, social or cultural events.

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Amendment Nov 2/15 Res.#15-0490 Section b and c

- b. The available subsidy will cover no more than 50% of the rent to a maximum of \$1,000 based on the availability of facilities.
- c. A total of \$15,000 is set aside to fund events and/or services for Category 3.
- d. The Recreation Manager will provide a quarterly report on subsidized rent applications/approvals to the General Manager of Parks Recreation and Culture and will provide an annual report to the Community Partnership Committee.
- e. The applicant is responsible for ensuring that the space/facility required has been reserved for the required times.

2.3.8 APPLICATION PROCESS AND REQUIREMENTS

The application process and requirements for grant applications will be determined by the Community Partnership Committee and will form part of the application package. The Committee will review application requirements on an annual basis.

2.3.9 EVALUATION OF APPLICATIONS

Applications for funding of all categories will be judged on the following merits:

- a. The Organization's goals, objectives and activities, and how closely they are aligned with the City's goals, and objectives within the purpose of Council's Grant Policy
- b. The service the organization provides to the community
- c. Demonstrated need for financial assistance
- d. The benefits to the community as a result of the assistance
- e. The degree of community/volunteer support
- f. Demonstrated level of effective performance in previous year(s), if applicable
- g. Other features which may be deemed to be relevant

With the exception of Category 3 organizations (Facility Rental Grants) review and evaluation will be done by the Community Partnership Committee.

2.3.10 MISCELLANEOUS GRANTS OUTSIDE OF THE COMMUNITY PARTNERSHIP GRANTS

Amended Oct 16/12 Res #12-0347, Amended May 11/15 Res #15-0268 Sec c. added

- a. The Royal Canadian Legion is authorized use of the Campbell River Community Centre for up to four hours free of charge on November 11 of each year for the

purpose of Remembrance Day activities and that the operating cost of this in-kind contribution, be taken from Council Contingency.

- b. Consideration may be given to reduce Transit fees for student group fares for those persons associated with non-profit community activities.
- c. Council, upon written request, may provide an annual grant not exceeding \$10,000 to the following community groups for the purposes of beautification, public art and public amenities by way of a partnering agreement:
 - i. Campbellton Neighbourhood Association
 - ii. Downtown “Heart of the City” Business Improvement Area Association
 - iii. Pier Street Association
 - iv. Willow Point Business Improvement Area Society

Funding requests must include the following information:

- v. Detailed description of the work to be completed
- vi. Proposed budget
- vii. Funding request
- viii. Report on use of the previous year’s grant (if applicable)

Following approval of the partnering agreement, the community group shall undertake the work and then submit an invoice to the City who will reimburse the community group after it has confirmed that the works have been completed as agreed.

Deleted Jan. 24-06 Res #06-0167 Sec. 2.4

2.4 GRANTS-IN-AID FOR RECREATION FACILITY RENTALS

2.5 CITY DAMAGE REWARDS

The City will provide rewards for information leading to the conviction of a person or persons found guilty of vandalism or theft of public property to a maximum of \$1,000.00.

2.6 TAXATION

Oct 2/06 Res #06-0683, Jun 25-13 Res #13-0268, Jan 25-16 Res #16-0018,

2.6.1 PERMISSIVE PROPERTY TAX EXEMPTIONS

2.6.1.1 PURPOSE

Permissive tax exemptions are designed to support non-profit community groups that add to Campbell River's quality of life by delivering economic, social and cultural programs and which, under ordinary circumstances, would be subject to property tax.

The Province of British Columbia has enacted sections 220 and 224 of the Community Charter which govern exemptions from property taxation. Section 220 of the Community Charter deals exclusively with statutory exemption granted by the Province for which the City has no control over. Organizations such as hospitals, schools, and places of religious worship are statutorily exempt from property taxation, and the City has no discretion to provide or withdraw a statutory tax exemption.

Section 224 of the Community Charter provides the means for the City to permissively exempt certain qualifying organizations from property taxation. This policy provides the basis for review of applications for these permissive exemptions.

The Community Partnership Committee will review all eligible applications for tax exemption and make recommendations to Council. Recommendations may include a full, partial, or no exemption.

Emphasis will be given to facilities that provide services that may otherwise be expected to be provided by the City. Care must be taken to ensure that when a non-profit service is offered that competes with a licensed business that the non-profit service targets a sector of the community not served by business.

Council recognizes the important services provided by eligible organizations for the betterment of the quality of life for the citizens and visitors to our community. Council is also cognizant of the additional tax burden on the remaining non-exempt properties which is created by exempting a share of the taxable assessment. The City of Campbell River will provide permissive tax exemptions to eligible groups up to an amount not exceeding 1.7% of the general tax levy. If permissive exemptions awarded to eligible groups exceed 1.7% of the general tax levy for the year, permissive exemptions will be reduced proportionally amongst all eligible groups to whatever level is necessary to ensure the 1.7% threshold is met.

2.6.1.2 PROCESS

Council will consider applications for permissive tax exemptions annually. The opportunity to apply will be advertised two (2) times in the local newspaper and by letters mailed to current tax exemption recipients. In addition, application packages will be available at any time from the City Hall or website at www.campbellriver.ca.

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Applications must be submitted to the General Manager, Corporate Services, using the prescribed application form, before 4:30 p.m. on the last Friday in June of each year. The General Manager, Corporate Services or designate will review the applications for completeness, and arrange contact with applicants for additional information as necessary.

Application submissions must include:

- a. Copies of financial statements for last three (3) years for first time applicants, and for the last year for current tax exemption recipients.
- b. Copy of state of title certificate or lease agreement, as applicable.
- c. Evidence of a strong and clear mandate to provide services for the benefit of the community.
- d. Description of programs/services/benefits delivered from the subject lands/improvements including participant numbers, volunteer hours, benefiting groups/individuals/special needs populations, fees charged for participation.
- e. Description of any 3rd party use of the subject land/improvements including user group names, fees charged and conditions of use.
- f. Financial information on how the tax exemption amount is put back into the community through charitable means or reduced fees paid by the general population of the City of Campbell River.
- g. Confirmation that the organization's activities do not compete with any other duly licensed business in the Municipality.

The Chair of the Community Partnership Committee with the assistance of the General Manager, Corporate Services or designate, will present a summary report of the applications and recommendations, relative to the eligibility criteria, to Council.

Amendment Sep 19-16 Res.#16-0371

2.6.1.3. CRITERIA

Subject Property must be one of:

- a. Land and/or improvements owned by the applicant
- b. Land and/or improvements leased under an annual agreement
- c. Land and/or improvements ancillary to a statutory exemption under s.220 of the Community Charter (Statutory Exemptions)
- d. Nature of Organization must be:

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- i. Non-profit organization which may be one of:
 - ii. Charitable/philanthropic organization
 - iii. Athletic or Service Club/Associations
 - iv. Care facility/licensed private hospital
 - v. Partner of the municipality by agreement under s. 225 (Partnering, heritage, riparian and other special exemption authority) of the Community Charter
 - vi. Other local authority
 - vii. Occupier of City-owned land and/or building which provides a valuable community service that the City may otherwise be expected to provide.
 - viii. Organization eligible under s. 220 statutory exemption (e.g. place of public worship, cemetery, library, Indian land, senior's homes, hospital, etc.)
- e. The applicant organization's use of the land/improvements must benefit the community in one or more of the following ways:
 - i. Provides recreational facilities for public use
 - ii. Provides recreation programs to the public
 - iii. Provides programs to and/or facilities used by youth, seniors or other special needs groups
 - iv. Preserves heritage important to the community character
 - v. Preserves an environmentally, ecologically significant area of the community
 - vi. Offers cultural or educational programs to the public which promote community spirit, cohesiveness and/or tolerance
 - vii. Offers services to the public in formal partnership with the municipality

All accounts for fees and charges levied by the City of Campbell River to the applicant must be current.

Mar 19/18 Res.#18-0146

Requests for Permissive Tax Exemptions on bare land will only be considered after a building is constructed, given final occupancy approval by the City, is occupied and is operationally compliant with all licensing and permits unless it is demonstrated to the Community Partnership Committee's satisfaction that the bare land itself is providing an actual benefit to the community.

Organizations, with the exception of those occupying City facilities and offering services deemed to be consistent with services that otherwise would be offered by the City itself, who are currently in receipt of a City Grant-In-Aid will not be eligible for a permissive exemption. Similarly, the award of a Permissive Exemption shall render such organizations ineligible for a City Grant-In-Aid.

The following information will be considered when determining whether to grant a permissive tax exemption:

- a. size of organization - operating budget in relation to requested tax exemption
- b. availability of alternate sources of funding to the organization
- c. the organization shows evidence of competent administration
- d. the building and/or services offered are a benefit to the community as a whole.

2.6.1.4. DURATION OF EXEMPTION

Eligible organizations may be considered for tax exemptions exceeding one year (to a maximum of five years) where it is demonstrated that the services/benefits they offer to the community are of a duration exceeding one year (i.e. for the period of the tax exemption).

For those organizations in receipt of a multi-year exemption, a letter shall be sent annually from the City requesting confirmation that the nature of the services being provided by the organization have not substantially changed.

2.6.1.5. CONDITIONS

- a. Council may designate only a portion of the land/improvements as exempted where the following circumstances exist:
 - i. A portion of the land/improvements is used by the private sector and/or organizations not meeting Council's exemption criteria
 - ii. The applicant already receives grant-in-aid from the municipality and/or other sources
 - iii. only that part of the property used for non-profit activities will be considered for exemption. Commercial activities will be excluded. For clarity, society administration is considered part of the non-profits program delivery
- b. Council may impose conditions on the exempted land/improvements with the applicant organization, including but not limited to:
 - i. registration of a covenant restricting use of the property

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- ii. an agreement requiring a payment equal to the foregone tax revenue should the property be sold, transferred to other parties or no longer used for the purposes stated in the application. Any such repayment would be pro-rated to ensure the portion of the taxation year for which the organization was still entitled to the permissive exemption was honoured by the City.
 - iii. an agreement committing the organization to continue a specific service/program
 - iv. an agreement committing the organization to have field/facilities open for public use for certain times or a total amount of time
 - v. an agreement committing the organization to offer use of the field/facility to certain groups free of charge or at reduced rates
 - vi. an agreement committing the organization to immediately disclose any substantial increase in the organization's revenue or anticipated revenue or any change in the status of the property
- c. Council may impose penalties on an exempted organization for knowing breach of conditions of exemption, including but not limited to:
- i. revoking exemption with notice
 - ii. disqualifying any future application for exemption for specific time period
 - iii. requiring repayment of monies equal to the foregone tax revenue

Approved permissive tax exemptions may be eligible for up to a 100% exemption.

Amendment Sep 19-16 Res.#16-0371

Should the total value of Permissive Tax Exemptions exceed 1.7% of the annual general tax levy, all exemptions shall be decreased proportionally until the total exemptions granted no longer exceeds the 1.7% threshold. This will be evaluated on an annual basis and recipients will be notified accordingly.

Property Used for City Purposes:

Permissive tax exemptions may be granted to lessees of municipally owned building where Council considers the land and improvements are used for a purpose that is directly related to the purposes of the City such that operations which are largely funded by City of Campbell River taxpayers shall not be burdened by taxation that would not otherwise occur.

Occupiers of City owned property may be included in the City's permissive exemption bylaws.

Removed from Policy Jan 25-16 Res #16-0018

2.6.2 PERMISSIVE TAX EXEMPTION APPLICATION FORM

2.6.3 TAX SALES (CITY MANAGER AUTHORIZED TO BID)

The City Manager is authorized to bid on tax sale properties on behalf of the City up to a maximum of 50% of assessed values.

2.6.4 PARCEL TAX NOTICES

Parcel Tax notices will only be mailed where new property owners have been added or changes have been made to the Parcel Tax Roll.

2.7 EMERGENCY EXPENDITURES

2.7.1 EMERGENCY EXPENDITURES ARE DEFINED AS:

Expenditures not included with the current year Financial Plan, which are necessary for the following reasons:

- For the safety and or welfare of the citizens and property of the City of Campbell River.
- To prevent waste of resources, such as when the required expenditure would be greater if deferred and is unavoidable.
- To preserve the assets of the City of Campbell River.
- To maintain operations of the City of Campbell River when other economical solutions cannot be reasonably implemented.
- Expenditures of opportunity when funding sources from outside may be lost, or when making the expenditure may affect quantifiable cost savings.

2.7.2 AUTHORITY FOR MAKING EMERGENCY EXPENDITURE

- i. Council by resolution when the amount is over \$50,000.
- ii. The City Manager and Chief Financial Officer jointly when the amount is below \$50,000 but above \$10,000.
- iii. The Directors or Acting Director when the amount is below \$10,000.

2.7.3 PROCEDURE FOR MAKING EMERGENCY EXPENDITURE

- i. The proper authority must first be obtained and the expenditure must be able to be offset by reducing expenditures elsewhere in the organization or by new

revenues which must be firm and identifiable such as a senior level of government providing written confirmation of funding.

- ii. The details of the emergency expenditure and funding sources must be made to the Council of the City of Campbell River at its next regularly scheduled meeting.
- iii. Not less than four months following the emergency expenditure a bylaw amending the Financial Plan must be prepared, advertised and brought before the Council for consideration.
- iv. In all cases, purchase orders and other methods of documenting the Expenditure must be used.”

New Oct 9/01 Res. #01-0697, New section Jun 14/21 Res #?????

2.8 INVESTMENTS

2.8.1 PURPOSE AND OBJECTIVE OF POLICY

The purpose of this Policy is to document a governance framework for the prudent management of the City of Campbell River’s investment portfolio “Fund” within an acceptable investment risk tolerance level.

2.8.2 SCOPE OF POLICY AND DEFINITIONS

2.8.2.1 SCOPE OF POLICY

This policy shall apply to all cash and investment balances of the City of Campbell River not required for immediate operational needs.

Operational funds are defined for the purpose of this Policy to be the net forecasted cash requirements need to fund operations in a given 12-month period plus the balance set aside in unappropriated surplus and the balance in the Financial Stabilization Reserve.

- **Short Term Investments:**

Any investment for which the initial term is one year or less and/or for which the investment can be considered immediately liquid – i.e.: redeemable or convertible to cash on short notice. Short-term investments include long-term investments which are due to mature within 365 days.

- **Long Term Investments:**

Any cash or liquid security, which has a maturity, date or term at the time of purchase of greater than one year.

- **Long Term Investment of Funds not needed within 10 Years:**

Matching long-term investments with future liabilities is a recognized investment and asset management best practice. If applicable, the City may designate a portion of its reserves as “long-term: 10-years+”, and the following exceptions to this Policy apply to those funds:

- a. The City may acquire Section 183 fixed income securities with terms equal to or greater than 10 years, conditional on the security having a minimum “A” rating from a Recognized Rating Agency: or
- b. Any “long investment horizon” MFA Pooled Investment Fund created specifically for investing long-term reserves. Fixed income securities within these Pooled Funds do not impact (are not counted against) the Portfolio Limits contained in this Policy.

In addition, for the purposes of benchmarking returns and evaluating the pooled fund performance under option b), returns will be evaluated over moving four-year periods with returns being calculated on a quarterly basis

The City recognizes while the long-term investment options described in this section are expected to earn a higher return over the long term, both strategies can lead to volatile investment results in the short to medium term due to increased interest rate and credit risk or the inherent higher volatility of equity returns. As such, the City of Campbell River’s intent is to hold long-term investments to maturity and in the case of perpetual Funds, it is the City’s intent to hold these investments for 10 years or longer – in alignment with, but redeemed prior to future obligations.

- **Chief Financial Officer:**

The Chief Financial Officer or in his/her absence, the Finance Manager, under the authority of the Officer’s Designation and Establishment of Powers, Duties and Responsibilities Bylaw No. 3177, 2005 is assigned duties for financial administration as described under Section 149 of the Community Charter. Where the words “Chief Financial Officer” are used they shall be deemed to also mean “Finance Manager” when acting in the absence of the Chief Financial Officer.

2.8.3 PURPOSE AND OBJECTIVES OF INVESTMENTS

The investment of City funds must reflect a conservative management philosophy based on three fundamental objectives in the following order of priority and in consideration of the concept of prudence.

2.8.3.1 PRESERVATION OF CAPITAL

Preservation of capital is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Fund. The goal is to manage credit risk and interest rate risk.

2.8.3.2 LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The portfolio structure should be such that maturities coincide with cash requirements, as much as reasonably possible. Since all possible cash requirements cannot reasonably be anticipated, the Fund should consist largely of securities with active secondary markets or that can be easily redeemed prior to maturity.

2.8.3.3 RETURN ON INVESTMENT

The Fund shall be constructed with the objective of attaining, at minimum, a benchmark rate of return throughout varying budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the preservation of capital and liquidity objectives.

2.8.4 STANDARDS OF CARE

2.8.4.1 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, as they would by a “prudent person” who would use discretion and intelligence as they would in their own affairs. Investments shall not be made for speculation, but for investment, considering the probable safety of the capital as well as the income to be derived.

The Chief Financial Officer and all staff acting in accordance with written procedures and policy and exercising due diligence, shall be relieved of personal responsibility for an individual securities credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

2.8.4.2 INTERNAL CONTROLS

Management shall establish and maintain a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed annually by the City's independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties.

2.8.4.2 ETHICS AND CONFLICTS OF INTEREST

The Chief Financial Officer shall refrain from personal business activity that could conflict with the proper delivery of the investment policy or which could impair their ability make impartial investment decisions. The Chief Financial Officer or Portfolio Manager shall disclose any material financial interests in financial institutions and/or investment dealers that conduct business with the City.

2.8.4.3 DELEGATION OF AUTHORITY

Authority to manage the City of Campbell River's investment program is derived from Section 149 of the Community Charter as follows:

The City of Campbell River delegates the management of the Fund to various agents including certain Officers of the City. The officers of the Municipality for this policy include:

- The Chief Financial Officer
- Portfolio Manager

Fund Management responsibilities have been allocated as follows:

Council

- Receive annual reports from the designated officers on the composition and performance of the portfolio in the second quarter of the following year.
- Review policy changes proposed by the Chief Financial Officer and establish Council's risk tolerance.
-

Chief Financial Officer's Responsibilities

- Review the policy periodically and if appropriate make recommendations to City Council for changes.
- Review the Fund's composition and performance on a regular basis and provide a report to City Council annually in the second quarter of the following year.

- Responsible for the delegation of any responsibility not specifically mentioned in this Policy.

Portfolio Manager

- Select specific investments for the Fund, recognizing the quality and diversification requirements established in this policy, and subject to approved signing authority.
- Ensure that the sum of all cash, the current account, money market securities, and coupon income expected from the fixed income instruments (i.e. bonds, GICs etc.) in a year are sufficient to cover the disbursements expected to be paid from the Fund in that year.
- Seek to maximize and preserve the investment return on the Fund, after ensuring that the foregoing liquidity, quality and diversification requirements have been satisfied.
- Provide a report to the City's Chief Financial Officer on the performance and composition of the City's investment portfolio in the second quarter of the subsequent fiscal period.
- Manage the securities held by the Fund in accordance with this Policy and applicable legislation.

The Manager and designated Officers of the City of Campbell River may from time to time engage consultants or other advisors to assist them in fulfilling their responsibilities.

2.8.4.4 CREDIT RISK MONITORING

Securities should remain sufficiently liquid to ensure that the liquidity needs of the City of Campbell River are maintained.

Investments held in the Fund must be rated by at least one rating agency, namely Moody's, Standard & Poor's (S&P) or Dominion Bond Rating Service (DBRS). All investments must be Investment Grade (at least BBB by S&P, or equivalent by DBRS, Moody's or Fitch .), as classified in Appendix A.

The Fund will be limited to the following credit rating thresholds on a weighted average basis (as defined by DBRS or equivalent):

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Rating	Up to %
R-1H/AAA	100%
R-1M/AA	90%
R-1L/A	70%
R-2HML/BBB	25%

In addition to the credit rating requirements identified above the Fund will also adhere to the following Portfolio Limits by Asset Type:

Asset Type	Maximum % Share of Total Reserves	Maximum Single Entity % of Total Reserves
MFA Pooled Investment Funds	Up to 100%	15% to 100% (2)
Federal Government (1)	Up to 100%	Up to 100%
Provincial Governments (1)	Up to 100%	Up to 75% (3)
Local Governments (1)	Up to 50%	Up to 25% (3)
Financial Institutions (1)	Up to 50% (5)	Up to 15% (3) (4)

[1] Weighted holdings of this type of security within a Pooled Fund do not count towards limit.

[2] Maximums determined for each unique MFA Fund, which when presented together results in a range.

[3] Range based on Credit Rating.

[4] Total investments in securities of a chartered bank, savings institution, or credit union may not exceed 1.00% of the financial institution's last year-end reported total deposits.

[5] Short-term portfolio funds (cash needed within 1 year) may be 100% held within Financial Institutions, but subject to Single Entity limits. Further, from time-to-time Single Entity limits may be exceeded

Due to market fluctuations, maximum percentages may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

Cash: The deemed rating for cash, including the current account and any High Interest Savings Accounts, will be equal to the rating of the institution it is being held

in.

Bank Deposits: The deemed rating for securities issued by a bank will be equal to the credit rating of that bank.

Credit Union Deposits: The deemed rating for securities issued by a Credit Union will be the equal to the credit rating of the Credit Union that it is being held in.

Securities issued by a Government entity: The deemed rating for securities issued by a government entity will be equal to the credit rating of that municipality, province, and country or equivalent.

2.8.4.5 SPLIT RATINGS

If an issuer or security is rated by more than one Recognized Ratings Agency, the following methodology shall apply:

- If two Agencies rate a security, use the lower of the two ratings;
- If three Agencies rate a security, use the most common;
- If all three Agencies disagree, use the middle rating; and
- If four Agencies disagree, use the average of all four ratings.

2.8.4.6 UNRATED SECURITIES

If an authorized investment per section 183 of the Community Charter is unrated and an internal credit rating has not been determined, it shall be rated as BBB for the purposes of determining adherence to this Policy.

2.8.5 AUTHORIZED AND SUITABLE INVESTMENTS

2.8.5.1 SECTION 183 OF THE COMMUNITY CHARTER

Section 183 of the Community Charter restricts Investments to the following types of Investments:

Money held by a municipality that is not immediately required may only be invested or reinvested in one or more of the following:

- a) securities of the Municipal Finance Authority;
- b) pooled investment funds under section 16 of the Municipal Finance Authority Act;
- c) securities of Canada or of a province;
- d) securities guaranteed for principal and interest by Canada or by a province;

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- e) securities of a municipality, regional district or greater board;
- f) investments guaranteed by a chartered bank;
- g) deposits in a savings institution, or non-equity or membership shares of a credit union;
- h) other investments specifically authorized under this or another Act.

All securities held in the portfolio shall have a maturity of ten years or less, however it is understood that the majority of assets will be invested in securities with a maturity considerably shorter than this ten year maximum. Investments with a duration greater than ten years can be held within the portfolio if approved by Council.

All investments must be denominated in Canadian dollars or U.S. dollars. U.S. dollar investments are not to exceed 5% of the total portfolio.

Investments in warrants, convertible debt securities, derivatives, swaps, options or futures, and all investment categories that are not explicitly permitted are prohibited.

2.8.5.2 AUTHORIZED INVESTMENT DEALERS AND INSTITUTIONS

A list will be maintained by the Portfolio Manager of approved investment dealers and financial institutions authorized to provide investment services.

All qualified bidders for investment transactions shall be in good standing with their applicable regulatory agencies, which may include but are not limited to the following agencies:

- Investment Industry Regulatory Organization of Canada (IIROC);
- Canadian Investor Protection Fund (CIPF);
- Provincial Securities Commission (BCSC, OSC, CSA, FCAA);
- Office of the Superintendent of Financial Institutions (OSFI);
- The Canadian Depository for Securities (CDS);
- Financial Institutions Commission (FICOM) – British Columbia;
- Alberta Superintendent of Financial Institutions;
- Financial and Consumer Affairs Authority (FCAA) – Saskatchewan;
- Financial Services Commission of Ontario (FSCO);
- Autorité des marchés financiers (AMF);
- Canadian Deposit Insurance Corporation (CDIC);
- Credit Union Deposit Insurance Corporation (CUDIC) – British Columbia;
- Credit Union Deposit Guarantee Corporation (CUDGC) – Alberta and Saskatchewan; and

- Deposit Insurance Corporation of Ontario (DICO).

2.8.6 INVESTMENT PARAMETERS

2.8.6.1 DIVERSIFICATION

The investment portfolio shall be diversified to reduce the risk of loss associated from concentration of assets in a specific maturity, a specific institution, or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Chief Financial Officer. In selecting a diversification strategy, maturities selected shall provide for stability of income and reasonable liquidity in consideration of the end use of funds selected.

2.8.6.2 RESPONSIBLE INVESTMENTS

The investment portfolio while still adhering to the purpose and objectives of this policy may make investments in responsible funds. Investments will be chosen by the portfolio manager based on their alignment with Council's strategic plan whenever practical in accordance with the purpose and objectives of this policy.

2.8.6.3 MATURITIES

To the extent practical the Chief Financial Officer shall attempt to match investments with anticipated cash flow requirements.

The City of Campbell River will typically not invest operating funds in investments with a maturity beyond a one-year time frame unless the sum of all available investment funds in the operational funds (general, water, sewer, and airport) exceeds the budgeted operational expenditures for the year.

Funds held in reserves that are not needed in the near term as determined by the ten-year financial plan may be invested for terms of up to ten years. In the event that funds are required sooner than expected funds, may be transferred from operating investments to provide the necessary cash. In this case the liquidity of operating investments may be temporarily impaired and it is recognized that a short-term borrowing may be more beneficial than an early redemption of a fixed term investment. In the unlikely event that a short-term borrowing is required due to a fixed term investment a short-term borrowing bylaw will be required.

Funds held in trust may be invested in longer term maturities where it is known that the funds cannot be used for operational purposes.

The frequency of interest payments shall be taken into consideration when making investment decisions.

2.8.6.4 INTERNAL FINANCING

Where specific reserve funds are authorized to be used, by bylaw, for a purpose for which the City of Campbell River would ordinarily borrow funds. The funds will normally be repaid at market rates for what the borrowing would have cost and charged to operations as if external borrowing had been undertaken and the said reserve funds replenished together with interest as the scheduled payments come due. The details of any internal financing shall be spelled out in detail in any bylaw authorizing such financing.

2.8.6.5 COMPETITIVE BIDS

When possible, the City of Campbell River will obtain quotes from three financial institutions for the purchase of selected investments to ensure the most cost-effective alternative is selected. However, due to the time-sensitive nature of the marketplace, immediate action may be taken. Under such circumstances, market data may be used to substantiate the action taken.

2.8.6.6 SAFEKEEPING AND CUSTODY

Physical possession of the security purchased is required except where the issue is book based and registered with the Canadian Depository for Securities as in the case of treasury bills, or when the security is held by a third party and a safekeeping receipt has been issued.

Any security, which may be registered, must be in the name of City of Campbell River and no bearer bonds or similar instruments are to be purchased.

2.8.7 CREDIT RISK GUIDELINES AND INVESTMENT LIMITS

The investment portfolio shall be designed in content and distribution in accordance with this policy. Investment credit worthiness at all times will exceed DBRS's BBB (long term) or R-2 ratings (short term) or an equivalent as identified in schedule A.

SCHEDULE A – Credit Ratings Equivalent Table

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Grade	Moody's		Standard & Poor's		DBRS		Fitch	
	<i>Long-Term</i>	<i>Short-Term</i>	<i>Long-Term</i>	<i>Short-Term</i>	<i>Long-Term</i>	<i>Short-Term</i>	<i>Long-Term</i>	<i>Short-Term</i>
Investment Grade	Aaa	P-1	AAA	A-1+	AAA	R-1 (high)	AAA	F1+
	Aa1	P-1	AA+	A-1	AA(high)	R-1 (high)	AA+	F1+
	Aa2	P-1	AA	A-1	AA	R-1 (middle)	AA	F1+
	Aa3	P-1	AA-	A-1	AA(low)	R-1 (middle)	AA-	F1+
	A1	P-1	A+	A-2	A(high)	R-1 (low)	A+	F1
	A2	P-1	A	A-2	A	R-1 (low)	A	F1
	A3	P-1	A-	A-2	A(low)	R-1 (low)	A-	F2
	Baa1	P-2	BBB+	A-3	BBB(high)	R-2 (high)	BBB+	F2
	Baa2	P-2	BBB	A-3	BBB	R-2 (middle)	BBB	F3
	Baa3	P-3	BBB-	A-3	BBB(low)	R-2 (low)	BBB-	F3
Speculative Grade	Ba1	NP	BB+	B	BB(high)	R-3	BB+	B
	Ba2	NP	BB	B	BB	R-4	BB	B
	Ba3	NP	BB-	B	BB(low)	R-4	BB-	B
	B1	NP	B+	B	B(high)	R-4	B+	B
	B2	NP	B	B	B	R-5	B	B
	B3	NP	B-	B	B(low)	R-5	B-	B

New May 10/04 Res #04-0594, Feb 9/16 Section 2.9 deleted and incorporated into Section 2.2

2.9 EQUIPMENT REPLACEMENT POLICY - DELETED

New Apr /04 Res. #04-0494, Feb 9/16 Section 2.10 deleted and incorporated into Section 2.2

2.10 BUILDING RENTAL DEMOLITION AND RECLAMATION - DELETED

Amd Aug 11-09 Res. #09-0326 Sec. 2.11 & 2.11.1, Mar 27-12 Res.# fc12-0131 Sec. 2.11.1 & 2.11.2, Jan 29-14 Res.# 14-0067, Feb 9/16 Section 2.11 deleted and incorporated into Section 2.2

2.11 CAPITAL RESERVES - DELETED

New Aug 25-09 Res. 09-0350

2.12 ACCOUNTS RECEIVABLE POLICY

2.12.1 PURPOSE

The purpose of the Accounts Receivable Policy is to establish:

- i. The process for granting credit;
- ii. To establish practices for collecting outstanding accounts receivable;
- iii. To delegate authority to staff when accounts receivable are deemed uncollectible; and,
- iv. To manage receivables created by City forces performing work on private lands.

2.12.2 SCOPE

This policy is intended to cover all operations of the City. The Campbell River Airport operates under Bylaw No. 3321 for determining amounts receivable. This policy will apply to the Campbell River Airport for accounts receivable and write off procedures.

Development Cost Charge receivables are governed by Provincial statute and are not covered under this policy.

2.12.3 DEFINITIONS

CITY

Shall mean the City of Campbell River;

COMMUNITY CHARTER

Chapter 26, Statutes of British Columbia;

COUNCIL	Shall mean the elected Municipal Council of the City of Campbell River;
DEVELOPMENT COST CHARGE	A charge set by bylaw for new developments to pay for anticipated future costs of existing and new infrastructure;
PRIVATE LAND OR IMPROVEMENTS	Land and/or improvements not owned by a government body.

2.12.4 EXTENSION OF CREDIT

Credit will only be extended under the following conditions or in the following circumstances, where credit approval has been granted and if an established charge account is up to date or current:

- i. For work done or services provided to private land and/or improvements or any other amounts which can be transferred to property taxes and collected as such under the provisions of the Community Charter, including property related bylaw infractions;
- ii. For emergency work and/or services that are required for repairs to roads or utilities as a result of damage by a contractor, utility company, or property owner, emergency cleanups, ICBC claims etc.;
- iii. Amounts due under a lease, rental or other contractual agreements that have credit arrangements and that have been approved by Council;
- iv. For goods and services provided to other governments, governmental agencies, departments or bodies (including the RCMP), crown corporations, regulated utility companies, the School District, and the Strathcona Regional District;
- v. Goods and/or services provided by the City where a deposit or prepayment has been taken and the costs exceed the prepaid amount;
- vi. For property related information provided to banks or other financial institutions;
- vii. Companies and non-profit groups or organizations that provide services on behalf of the City of Campbell River;
- viii. For surplus goods that are sold through an auction company under and agreement;
- ix. Other specific or unique circumstances that are approved by the Finance Manager or the General Manager, Financial Services.

2.12.5 CREDIT APPLICATION AND APPROVAL

A credit application will be required in certain instances or cases as determined by the Finance Manager or the General Manager, Financial Services. Completed credit applications will be reviewed by the Finance Manager. Approved credit applications will be granted a credit account with an appropriate amount. If the search results on the credit application are unsatisfactory then credit will be refused.

2.12.6 WITHDRAWAL OF CREDIT PRIVILEGES

Continued extension of credit is contingent on the person or organization maintaining its account in good standing. Credit privileges will be withdrawn when any charge on an account remains unpaid for 60 days. In the event that credit privileges are withdrawn, prepayment will be required for all further goods provided or services rendered until the account is brought up to date. The City may also choose not to provide further goods and/or services on outstanding accounts. If non-payment persists or if an account is repeatedly over due credit privileges will be permanently withdrawn.

2.12.7 NON-SUFFICIENT FUND CHEQUES & OTHER DISHONoured PAYMENTS

Any payments (cheques, preauthorized debit, credit cards, etc.) that are not honoured and that result in a charge back to the City's bank account will be treated as accounts receivable and will be assessed a \$30 service charge.

2.12.8 ADMINISTRATIVE COST RECOVERY FEE AND INTEREST CHARGES

A 5% administrative cost recovery fee will be charged on accounts receivable billings, based on the gross invoice total before any applicable taxes, with the exception of pre-established or set fee billings determined by bylaw, policy or agreement. This administrative fee partially covers the City's administrative costs (general accounting, office supplies, postage, etc.) that are incurred as a result of billings.

Invoices are net 30 days. Interest at a non-compounding rate of 2% per month will be charged on all overdue amounts starting on the 31st day from the invoice date and thereafter until payment is received.

2.12.9 PAYMENT TERMS AND COLLECTIONS

The following payment terms and collection process shall be followed:

- i. Payments will be due within 30 days from the invoice date with interest accumulated after 30 days.
- ii. Statements will be issued, at a minimum, on a quarterly basis;

- iii. If any amount that is payable by the City to a party with an overdue account the amount that is due from the other party will be contracted or deducted from the amount payable by the City.
- iv. All outstanding amounts that can be collected as property taxes under the provisions of the Community Charter will be transferred to the applicable property tax account at year end.
- v. Certain overdue accounts, as determined by the Finance Manager, will be turned over to a collection agency for collection purposes.

2.12.10 ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance for doubtful accounts will be set up on an annual basis at year end, in accordance with generally accepted accounting principles, with the accounts and amounts to be determined by the Finance Manager and approved by the General Manager, Financial Services.

2.12.11 AUTHORIZATION TO WRITE OFF ACCOUNTS RECEIVABLE

Authorization to write off accounts receivable deemed to be uncollectible is as follows:

- \$0.01 to \$500.00 Finance Manager
- \$500.01 to \$1,000.00 General Manager, Financial Services
- \$1,000.00 + City Council Approval

2.12.12 REPORTING OF BAD DEBTS

A written report will be prepared quarterly to obtain approval for items over \$1,000 and summarizing all other accounts receivable write offs.

2.12.13 IMPLEMENTATION OF POLICY

This policy shall become effective immediately upon approval by City Council.

New Aug 14/12 Res #12-0262

2.13 TANGIBLE CAPITAL ASSETS POLICY

2.13.1 PURPOSE

This Capital Asset Policy (Policy) promotes sound corporate management of capital assets and complies with the Public Sector Accounting Board guidelines.

2.13.2 SCOPE

This policy applies to all City departments, boards and commissions, agencies and other organizations falling within the reporting entity of the City, including the Campbell River Economic Development Corporations (Rivercorp).

All tangible property owned by the City, either through donation or purchase and which qualifies as capital assets are addressed in this policy. In accordance with PSAB 3150, tangible capital assets (TCA) are non-financial assets having physical substance that:

- i. are held for use in the production or supply of goods or services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- ii. have useful economic lives extending beyond an accounting period (1 year);
- iii. are to be used on a continuing basis; and
- iv. are not for sale in the ordinary course of city operations.

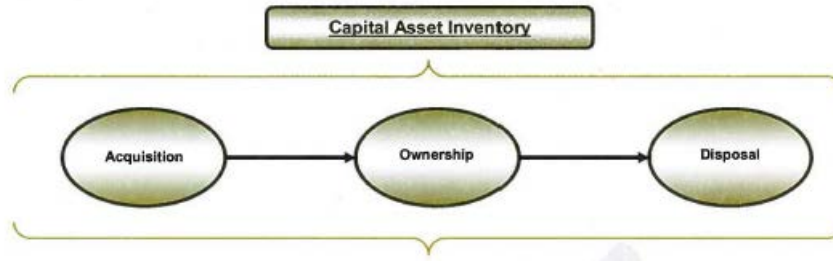
2.13.3 PRINCIPLES

Principles in this policy provide guidance for policy development and assist with interpretation of the policy once applied.

- i. The purpose of this policy is for the benefit of the City as a whole; for the users of the City's financial statements and managers of the City's tangible capital assets.
- ii. Only capital items meeting the capital asset criteria in this policy will be budgeted as capital.
- iii. Materiality (threshold) is considered.
- iv. The City complies with current legislative requirements.

2.13.4 POLICY

A framework is established for the management and control of the City's capital assets. Included in this framework is proper recognition, measurement, thresholds, aggregation, segregation, amortization, reporting, safeguarding and disposal. Additional guidelines relating to the purchase of assets are found in the City's Procurement Policy.



2.13.4.1 TCA INVENTORY - ACQUISITION

Tangible Capital Assets are recorded at historical cost. TCA's are recognized as assets on the City's Statement of Financial Position on date of receipt for capital goods or when the asset is put into use for capital projects.

2.13.5 COST

Cost as defined by PSAB 3150, is the gross amount of consideration given up to acquire, construct, develop or better a TCA, and includes all costs directly attributable to acquisition, construction, development or betterment of the TCA, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed TCA, including a TCA in lieu of a developer charge, is considered to be equal to its fair value at the date of contribution. Capital grants are not netted against the cost of the related TCA. The cost of a leased TCA is determined in accordance with Public Sector Guidelines for Leased Tangible Capital Assets.

For assets owned by the City but not paid for by the City including contributions gifts, and donations, valuation may be assessed by fair value. **FAIR VALUE** is the amount of the consideration that would be agreed upon in an arms length transaction between knowledgeable, willing parties who are under no compulsion to act.

2.13.5.1 THRESHHOLDS

Thresholds are established for a minimum dollar value and number of years of useful life. Thresholds help to determine whether expenditures are to be capitalized as assets and amortized or treated as a current year expense. For financial reporting purposes thresholds are set fairly high, however, details may be useful for the City's capital asset management program. Therefore, an optimal threshold for each asset category is a balance between the two. Threshold values should be reviewed periodically and adjusted for inflation.

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Asset Category	Threshold
Land	Capitalize Only
Land Improvements	\$10,000
Buildings	\$50,000
Building Improvements	\$10,000
Machinery and Equipment	\$5,000
Vehicles	\$10,000
IT Infrastructure	\$5,000
Infrastructure (e.g. water, electrical wastewater, roads etc.)	\$50,000

Thresholds apply to capital goods purchased and capital projects constructed with the total cost of the good or project meeting the threshold criteria. Long term assets not individually meeting threshold limits, when purchased in sufficient volume to meet the limit are to be capitalized. Group purchases are purchases that are individually insignificant items but when purchased together, the invoice amount meets or exceeds the threshold for that asset category.

Improvements are capitalized or expensed in accordance with PSAB 3150.

2.13.5.2 CLASSIFICATION, AGGREGATION & SEGMENTATION

The level of detail required in the capital asset inventory is a balance between cost of data collection, tracking and analysis and the beneficial use of the information gathered. The full cost of preparing a TCA for its intended use is considered the aggregate cost of the capital asset. The aggregate cost may be further segmented into elemental components based on useful life.

- LAND - Land owned by the City includes parkland, land for City owned facilities and land under roads and sidewalks. All land owned by the City is segmented by each parcel held. City parkland and the land for City facilities and leased facilities is quantified and included in the City's land database. Due to the age of the land under roads and sidewalks, existing City land under roads and sidewalks is considered to have a nominal value of \$1.

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- **LAND IMPROVEMENTS** - Parks infrastructure includes playground equipment, outdoor pools, fencing, trails, irrigation systems, etc. Each asset when capitalized is recorded separately with an attached useful life.
- **BUILDINGS** - Buildings owned by the City include the City Hall, Community Centre, and any other buildings the City holds or acquires, including leaseholds. New buildings may be segmented by envelope, roof and equipment and other significant component parts based on useful life. This treatment provides for capital replacement of each component over the years of ownership
- **BUILDING IMPROVEMENTS** - Building improvements include furniture, fixtures along with interior fit-outs required to make the building ready for use. Furniture, fixtures, equipment and fit-outs are capitalized if purchased in volume and the volume exceeds the threshold limit or if the individual cost of individual items exceeds the threshold.
- **CONSTRUCTION IN PROGRESS** - Construction in progress contains capital projects underway but not yet complete or in use. Upon completion, these projects are transferred to the appropriate category and amortized based on the date they are put into service.
- **VEHICLES, MACHINERY AND EQUIPMENT** - Mobile vehicle fleet and all machinery and equipment used in normal city operations.
- **IT INFRASTRUCTURE** - IT infrastructure includes hardware, infrastructure, computers, printers, scanners, photocopiers and the telephone network. This IT infrastructure is capitalized if each purchase, group purchase, or project meets threshold limits.
- **INFRASTRUCTURE**
 - **WATER** - The water system components may be segmented by asset type, for example water mains, valves, hydrants and services. Aggregation for threshold purposes is by capital project. Capital projects when complete are recorded as assets by allocating costs to each component part.
 - **SEWER AND DRAINAGE** - The sewer and drainage system components may be segmented by sewer mains, lift stations, manholes, catch basins and services. Aggregation for threshold

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purposes is by capital project. Capital projects when complete are recorded as assets by allocating costs to each component part.

- TRANSPORTATION - Transportation assets includes all linear assets associated with roads and may be segmented by roads, lanes, sidewalks, traffic intersections, street lights, signage and structures. Aggregation for threshold purposes is by capital project. Capital projects when complete are recorded as assets by allocating costs to each component part.

2.13.5.3 TCA INVENTORY - OWNERSHIP

Ownership of assets requires safeguarding, maintenance, amortization for replacement and possibly write-downs. These requirements are addressed in this section.

It is the responsibility of department managers to ensure capital assets assigned to his or her custody are maintained and safeguarded in coordination with the asset management and facilities department.

Amortization is an annual charge to expenditures for the use of a capital asset. The City sets amortization rates on a straight line basis based on the number of years in service. The asset categories are amortized as follows:

Asset Category	Amortization of Cost
Land	Not amortized
Land Improvements	Straight line over useful life of each asset unit
Buildings	Straight line over useful life of each asset unit
Building Improvements	Straight line over useful life of each asset unit
Construction in Progress	Not amortized
Vehicles, Machinery and Equipment	Straight line over useful life of each asset unit
Infrastructure (e.g. water, wastewater, roads etc.)	Straight line over average useful life of each segment

Amortization is calculated at 50% of the rate for the first year the asset is placed in service and at the full annual rate thereafter. Economic useful life is used for

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amortization rather than physical useful life. Attachment IV provides a general guide for useful life.

A write down of assets occurs when reduction in future economic benefit is expected to be permanent and the value of future economic benefit is less than the TCA's net book value. A write down should not be reversed.

2.13.5.4 TCA INVENTORY - DISPOSAL

Disposal procedures for capital assets are in accordance with the City's Procurement Policy. All disposals of TCAs are recorded in the City's financial statements in accordance with accounting standards.

ATTACHMENT I ASSET USEFUL LIFE – General Guidelines

ASSET TYPE	DEPRECIABLE LIFE IN YEARS
Land Improvements	
Playground Equipment	15
Washrooms, Concessions, Picnic Shelters	40-50
Outdoor pools, Splash pads	50-60
Tennis Courts	15
Fencing	15
Irrigation System	20
Other Land Improvement Structures	15-60
Buildings	20-75
Building Improvements	
Exterior Envelope	30-40
HVAC systems	10-12
Roofs	15-20
Electrical/Plumbing/Fire	15-20
Site works - Asphalt, water/sewer lines	10-100
Other Building Improvements	10-100
Machinery & Equipment	
General Equipment	5-10
Ground Machinery & Equipment	10-15
Heavy Construction Equipment	5-10
Other Machinery & Equipment	5-20
Vehicles	
Cars and Light Trucks	5-10
Vehicles - Medium	8
Vehicles - Heavy	15
Fire Trucks	15-25
Other Vehicles	5-25
IT Infrastructure	
Hardware	3-5
Software	3-5
Telephone System	5-7
Other IT Infrastructure	3-7

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Infrastructure	
Water	10-100
Sewer	10-100
Drainage	10-100
Transportation	10-100
Other Infrastructure	10-100

New section. Adopted by bylaw 3760 Dec 16-19 Resolution 19-0588

2.14 FINANCIAL STABILITY & RESILIENCY POLICY

2.14.1 PURPOSE

The purpose of the *Financial Stability & Resiliency Policy* is to guide the City's financial planning to meet financial obligations while providing high quality services.

2.14.2 OBJECTIVES

- a. To develop principles that guide so that taxpayers can look forward to predictable, stable, equitable and accountable property taxation.
- b. To support and guide decision-making, providing continuity and assurance to the City's financial management.

2.14.3 POLICIES

- a. Financial Plan Bylaw Adoption – The City's Financial Plan Bylaw for the next fiscal year will be approved prior to December 31.
- b. Long-Term Budgeting – At a minimum, the City will produce a 10-year financial plan.
- c. Budget Parameters – Budget parameters will maintain service levels, provide an opportunity to enhance services, and invest in critical infrastructure. The parameters for each budget component, expressed in terms of a general tax increase, are:
 - Operating costs of capital will be included as part of the base budget parameter unless funding pressure requires a tax levy increase.
 - Debt servicing will be funded within the capital budget parameter unless funding pressure requires a tax levy increase.
 - One-time operating projects will be funded by reserve in order to stabilize and smooth out tax increases.

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BUDGET COMPONENT	Low (%)	High (%)
Base Budget	1.5	2.0
Capital Budget	0.5	1.0
Ongoing New Services	0.0	0.5
ALL SERVICES	2.0%	3.5%
TOTAL UTILITY FEE INCREASE (includes sewer, water, solid waste and storm water parcel tax)	3.5%	5.0%

- d. Non-Market Change – Revenues from non-market change will be adjusted from general taxation levy calculations. To alleviate pressure to increase taxes, provide stability and maintain the integrity of the budget parameters non-market change revenue will first be applied to maintain the base budget parameter of 1.5-2 per cent and then allocated towards new services.
- The City will budget 100% of BC Assessment’s mid-November NMC estimate.
- e. Zero Base Operating Budget Increases – The base operating budget provides annual funding to ongoing City services. Any increases to base operating budgets outside of contractual obligations or utility increases will be considered a new ongoing service level increase and will be evaluated during financial planning proceedings against other priorities.
- f. Investment in Critical Infrastructure – Continued investment in infrastructure is critical to ensure service levels are maintained. The capital budget parameter of an annual 0.5 to 1 per cent increase to taxation will be invested in the City’s capital program to support ongoing investment in infrastructure to ensure effective delivery of services and asset management.
- Newfound revenue such as debt servicing for newly retired debt, will be allocated towards the capital program.

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- g. Asset Infrastructure Management – The City will invest in asset management to keep infrastructure in a proper state of repair to avoid costly failures. Asset management ensures assets are maintained in a state of good repair while optimizing capital investment to maintain service levels and ensure best value for taxpayer's dollars.
- h. Reserve Waterfall Structure – The City's Reserve Policy will be applied to ensure funds are not sitting idle in any one reserve and are suitably allocated. The waterfall will follow policy to ensure desired levels of each reserve is preserved; current year surplus is to be transferred into working capital accumulated surplus with excess balances transferred to the Financial Stabilization Reserve and then allocated to capital reserves to fund the capital program.
- i. Debt Policy – The City's long-term debt policy establishes borrowing limits and uses of debt for external borrowing.
- j. Business Case Decision Making and Capital Project Planning – All requests for staffing and significant operating projects or new services require a business case. New capital projects require a project plan.
- k. Property Tax Increase – Each budget cycle, Council will consider the property tax increase required by first covering the projected cost increase for existing services at current service levels and then consider other enhancements.
 - The City's tax increase will be calculated based on additional revenue required to balance the budget as required by the *Community Charter* and communicated as a percent increase over the prior year's general municipal revenue collected.
 - The City will phase in tax increases when known changes influencing City finances are known to promote stability for taxpayers.
- l. Self Financed Programs –The City's self financed programs include the Water Utility, Sewer Utility, Stormwater Utility and Solid Waste and Recycling programs. The costs for self financed programs should be fully funded by user fees. Any surplus or deficit from these programs is to be transferred at the end of each year to or from each reserve. These funds will also follow policy clauses 2,3,5,6,7,8,9,10 and 11

New section. Adopted by bylaw 3760 Dec 16-19 Resolution 19-0588

2.15 PROPERTY TAXATION POLICY

2.15.1 PURPOSE

The purpose of the *Tax Policy* is to outline the proportions of revenue sources, the distribution of property taxes among property classes, and the communication of any tax changes from the prior fiscal year.

2.15.2 OBJECTIVE

To provide City taxpayers with stable, equitable, and understandable property taxation while providing high quality services.

2.15.3 POLICIES

- a. Tax rates will be adjusted annually to eliminate the impact of increases or decreases in assessment due to market changes, as identified by the British Columbia Assessment Authority.
- b. Class 1 (Residential) taxes – the City will strive to maintain a residential tax rate that provides for average municipal taxation on a representative household with its comparator communities of similar size and of those Vancouver Island communities with a population between 10,000 and 50,000. All data used to compare Campbell River against other communities shall be sourced from Local Government Statistics provided by the Province of BC.
- c. Class 3 (Supportive Housing) – the City will maintain a tax rate equal to Class 1 (Residential).
- d. The City will strive to ensure all other classes of property receive an equal allocation of the percentage change in the annual tax levy.
- e. The City may review its tax rates by property class as compared to the provincial average on a minimum three year basis to ensure rates are comparable and reasonable given assessed values in Campbell River as compared to other communities.
- f. When necessary, tax class realignments will occur incrementally over a multi-year period.
- g. New tax revenues related to the City's downtown revitalization tax exemption bylaw will be allocated to the downtown capital program



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- h. The City's tax increase will be communicated as a percent increase over the prior year's general municipal revenue collected and calculated based on total taxes required to balance the budget.