

## Village of Chester Reserve Funds & Investment Policy

### 1.0 Mandate

The Village of Chester will plan for and invest in specific purpose reserves that support a viable and financially sustainable village government, per the requirements and guidelines of the *Municipal Government Act* (MGA) and its Financial Reporting and Accounting Manual (FRAM).

### 2.0 Policy Statement

**2.1** To establish reserves that will allow for future planned and unplanned expenditures required by the village.

**2.2** To safeguard the appropriate use of public funds through the establishment of goals, standards and procedures respecting investment of cash.

**2.3** To manage Village of Chester cash and investments with the following primary objectives: (a) safeguarding of principal; (b) maintenance of liquidity for day-to-day budgetary needs; and (c) maximization of returns within legislative, policy, and fiduciary responsibilities (which will not necessarily produce the highest rate of return).

### 3.0 Investment Guidelines

**3.1** MGA Section 100 states: "Funds in a sinking fund, capital reserve fund, utility depreciation fund or other fund of a municipality or village shall be: (a) deposited in an interest-bearing account at a bank doing business in the province; (b) invested pursuant to an investment policy adopted by the council or village commission, as the case may be, and approved by the Minister."

**3.2** All funds shall be deposited into Cashable Guaranteed Investment Certificates (GICs) at a local financial institution – the Village banks with the Scotiabank branch located at 2 Pleasant Street, Chester, NS.

**3.3** The terms of investments made will be for one year. The renewal instructions with Scotiabank will be to automatically re-invest 100% of the funds for a one-year term.

**3.4** Interest earned by any reserve fund must remain in that fund unless there is a special resolution of the Village Commission that allows the interest to be taken into the general operating fund.

**3.5** All investments must be authorized by the Clerk/Treasurer and supported by a resolution of the Village Commission.

**3.6** A written request to transfer funds directed to the qualifying institution may be used by the Clerk/Treasurer and co-signed by the Commission Chair or Vice-chair to facilitate the transfer of funds for investment purposes between two accounts in the name of the Village.

**3.7** Suspicious activity and potential misuse of funds must be reported immediately to the Village Commission.

#### **4.0 Reserve Guidelines**

**4.1** MGA Section 444 states: “A village shall maintain a capital reserve fund. The capital reserve fund of a village is subject to the same requirements and limitations as the capital reserve fund of a municipality, as per Section 99.”

The FRAM Section 3 states: “Both an operating and capital reserve are required. Additionally, a municipal council or village commission should segregate funding into a ‘Reserve’ Fund where is a statutory requirement, or a design by council or commission to segregate certain monies for future use.”

**4.2** Funds available on the date of the first quarterly tax allocation of the following budget year, shall be allocated to: a) payment of Village of Chester debts; b) operating reserve; or c) reducing tax rate for the following year. Planned capital reserve deposits are to take place during the fiscal year as cash flow allows.

**4.3** All unallocated surplus funds will be allocated to a reserve within any financial year.

**4.4** Quarterly reports shall be provided to the Commission regarding committed reserves, as well as the transfer to and transfer from reserves.

**4.5** Each reserve account shall be regulated as identified below into ~~six~~ four funds.

## 5.0 Operating Reserve

**5.1** This reserve provides funds to supply the Village of Chester with emergency operating funds. The Village shall maintain a balance of no less than 20% of annual operating expenditures in this fund.

**5.2** If the Village's general government operations budget results in a surplus, the surplus shall be transferred to the operating reserve.

## 6.0 Lido Pool Reserve (Capital)

**6.1** This reserve provides funds for capital repairs, construction, or upgrades to the Village pool.

**6.2** This reserve receives an annual contribution of \$30,000.00 or receives funds specifically allocated in the operating budget.

## 7.0 Utility Reserve (Capital)

**7.1** This reserve provides funds for capital repairs and replacements to streetlights in the Village of Chester.

**7.2** This reserve receives an annual contribution of 10% of annual streetlight operations expenses or funds specifically allocated in the operating budget.


## 8.0 Emergency Medical Services Reserve (Capital)

**8.1** This reserve provides funds for EMS building maintenance and upgrades.

**8.2** This reserve receives funds from the monthly rental payments minus operations expenses. No public funds are allocated to this reserve.

<b>Approved:</b> October 10, 2019	<b>Motion #</b> 19-120
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<b>Amended: October 16, 2024</b>	<b>Motion # 24-078</b>

I certify that this Policy was adopted by the Village of Chester Commission as indicated above.

  
Clerk/Treasurer

October 18, 2024  
Date