



100 John West Way
Aurora, Ontario
L4G 6J1
(905) 727-3123
aurora.ca

Town of Aurora
Memorandum
Finance

Re: Community Partner Reserve Fund Policy

To: Finance Advisory Committee

From: Sandeep Dhillon, Senior Advisor, Financial Management

Date: June 11, 2024

Recommendation

1. That the memorandum regarding Community Partners Reserves Management Policy be received; and
2. That the Finance Advisory Committee comments regarding Community Partners Reserve Management Policy be received and referred to staff for consideration and further action as appropriate.

Background

Reserves are one of the most important tools available to Aurora's Community Partners for achieving financial sustainability. Reserves play a key role to manage the unexpected economic impacts to their operating budget when required. Reserves are meant to pay for emergencies when expected income falls or when unexpected expenses occur. Currently, Town's Community Partner's manage their own reserves. However, a need to establish Reserve Management Policy for the Town's Community partners was identified during the 2024 budget approval process.

This memo provides an overview of the newly developed reserve management policy for the Town's Community Partners.

Analysis

Community Partners Reserve Management Policy outlines the guidelines and controls for the creation and management of reserves

The purpose of the reserve management policy is to establish financial guidelines and appropriate controls for the administration and management of reserves for the Town of Aurora. This policy provides regulations and guidelines on the objectives, standards of care, reporting requirements and responsibilities for the creation and management of reserves.

The objectives of the reserves management policy are stated below:

- Classification of type of reserves maintained by Community Partner
- Guidelines associated with the creation of reserves
- Recommended guidelines for the management of reserves such as:
 - Contributions to/withdrawal from reserves
 - Temporary interfund lending between reserves
 - Closing of reserves
 - Management of annual surplus/deficit
- Roles and responsibilities of Town staff, Community Partner and Council members
- Reporting and adherence to the guidelines of the reserve policy

Community Partners should set aside enough operating reserves to fund no more than six months of regular operations

Any net operating budget surplus should be contributed to operating reserve until operating reserve balance reaches the recommended target balance equivalent to cost of its operations for a period of six months.

Once the recommended reserve ceiling has been met, any excess proceeds over and above this amount should be applied against the community partner's identified operating requisition amount from the Town for the following year. An exception to this would be if the Community Partner has future unfunded asset management obligations.

Audited financial statements must be provided by community partners with revenue exceeding \$250,000

Community Partners with annual revenue exceeding \$250,000 must provide audited Financial Statements and those where it is required by legislation. Those not required to provide audited statement may be subject to further reviews by Town staff.

Attachments

Attachment 1 – Community Partner Reserve Management Policy