



FINANCE & AUDIT COMMITTEE AGENDA CITY OF MERRITT

Wednesday, May 27, 2020

12:00 P.M.

Held online due to social distancing requirements

Public access link published on City website

& social media accounts

Mission Statement: *The City of Merritt is a progressive, attractive, economically viable City that is socially responsible and environmentally sustainable.*

Pages

1. CALL TO ORDER

1.1 Call to Order

2. Late Items

Recommendation:

THAT Committee add the Financial Position Report to New Business

3. PUBLIC INPUT

4. ADOPTION OF THE MINUTES

4.1 Finance and Audit Committee Meeting Minutes - April 15th, 2020

3

Recommendation:

THAT the Minutes of the Finance & Audit Committee Meeting held on April 15th, 2020 be adopted.

5. GENERAL MATTERS - Delegations & Recognitions

6. UNFINISHED BUSINESS

7. NEW BUSINESS

7.1 COVID 19 and Cash Flows

7

Ms Thiessen to introduce the impact COVID-19 is expected to have on City of Merritt cash flows

Recommendation:

THAT the Committee receive this report for information

7.2 Draft Reserve and Surplus Policy

9

Ms Thiessen to introduce the City's proposed Reserve and Surplus Policy for comments by the Committee

Recommendation:

THAT the Finance & Audit Committee provide staff with input and direction on the draft Reserve and Surplus Policy presented prior to the policy being considered by the Policy Committee.

8. CLOSED ITEMS

Recommendation:

THAT the Committee close this meeting, pursuant to section 90(l) of the Community Charter, "discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report]"

9. TERMINATION OF MEETING



MINUTES

CITY OF MERRITT

FINANCE AND AUDIT COMMITTEE

Wednesday, April 15, 2020

12:00 P.M.

Held online due to social distancing requirements

Public access link published on City website
& social media accounts

PRESENT:

Mayor L. Brown

Councillor A. Etchart

Councillor T. Luck

Mr. S. Smith, Director of Corporate Services

Mr G. Lewis, Deputy Corporate Officer

Ms. S. Thiessen, Director of Finance & IT

Mr. S. Hildebrand, Chief Administrative Officer

Mr. W. Anderson, Financial Services Manager

1. CALL TO ORDER

1.1 Call to Order

Mayor Brown, Chair, called the meeting to order at 12.05 p.m.

2. PUBLIC INPUT

Nil.

3. ADOPTION OF THE MINUTES

3.1 Finance and Audit Committee Meeting Minutes - February 25th 2020

Recommendation:

THAT the Minutes of the Finance & Audit Committee Meeting held on February 25th, 2020 be adopted.

4. **GENERAL MATTERS - Delegations & Recognitions**

Nil.

5. **UNFINISHED BUSINESS**

6. **NEW BUSINESS**

6.1 **Alternative Tax Collection Schemes**

Ms Thiessen introduced the report, and explained that there is a need to decide deadlines in order to order pre-printed tax forms.

She noted Merritt is losing some revenue due to closure of recreation facilities, but not as much as municipalities running airports, casinos, etc. Merritt normally follows the General tax scheme under s234 of the *Community Charter*, and thus has July 2nd as the due date. The City can instead operate an Alternative Tax Scheme under s235. All taxpayers could elect to use either scheme if we establish a different one. She explained the regulations as they apply to the General scheme, and to an alternate scheme.

Finally, she noted the City will still have to pay school taxes within 5 business days of the due date, whatever the penalty regulation. TNRD expect money by beginning of August no matter if or when we collect.

Councillors discussed issues around TNRD, Hospitals, and School Boards expecting money, and the potential for staggering dates & administrative difficulties this would cause. The City expects people who can pay as normal to do so, but sought to reduce penalties to avoiding causing hardship for people who cannot.

It was explained that for late payments, a penalty is applied to outstanding balance at penalty time, not the full amount on bill.

Would normally be doing utility billing now, discussion that more reductions on that would help people more, eg renters, and seniors with grant.

Councillors discussed whether or not the deadline and penalty dates should be the same, and the need to promote deferral programs.

Recommendation:

THAT the Committee recommend to Council that the City utilize Section 235 of the Community Charter to set an alternative penalty structure for 2020; 10% to be applied September 4, 2020.

Moved, Seconded, CARRIED

Recommendation:

THAT the committee recommend to Council an alternate tax scheme with the following parameters:

July 2nd deadline, penalty dates & amounts of July 2nd (2%), Sept 18th (1%), December 31st(2%)

Moved, Seconded, CARRIED

6.2 Tax Rate Guidance

Committee discussion re: tax rates in light of COVID-19

The committee discussed tax rates, and the need to recommend to Council a reduced rate, in order to compensate for increased Provincial assessment values.

6.3 Utility Payments

Committee discussion re: utility payment schedules

The committee discussed utility payment schedules, and the possibility of increasing the discount for making early payments. This discount is normally 10%. The committee discussed increasing the discount to 17% for both residential and commercial customers, and pushing back the date due for residential customers.

Recommendation:

THAT the committee recommend to Council an increased discount of 17% for residential & commercial customers, and new payment date of July 31st for residential customers.

Moved, Seconded, CARRIED

7. CLOSED SESSION

Recommendation:

THAT the Committee close this meeting, pursuant to section 90(l) of the Community Charter, "discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report]"

THAT the Committee close this meeting, pursuant to section 90(l) of the Community Charter, "discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report]"

Moved, Seconded, CARRIED

**7.1 Finance and Audit Committee Meeting Closed Session Minutes -
February 25, 2020**

8. TERMINATION OF MEETING

Mayor Brown, Chair, declared the meeting closed at 1.46pm

Corporate Officer

Sean Smith

Mayor

Linda Brown

Report

City of Merritt
Finance & Audit Meeting
May 20, 2020

File Number: 1610

To: Scott Hildebrand, Chief Administrative Officer
From: Sheila Thiessen, Director of Finance & IT
Date: May 15, 2020
Subject: COVID 19 and Cash Flows

RECOMMENDATION:

THAT the Committee receive this report for information

Background:

The COVID pandemic means uncertainty on several levels for the City of Merritt. One of the greatest causes of uncertainty is the collection of revenues, including property taxes and utility payments.

In addition, Council has made some changes to the property tax collection scheme and the utility discounts to be applied.

Many municipalities have passed Revenue Anticipation Bylaws, to allow them to borrow funds from the Municipal Finance Authority (MFA) in the event of a shortage of cash to cover operations.

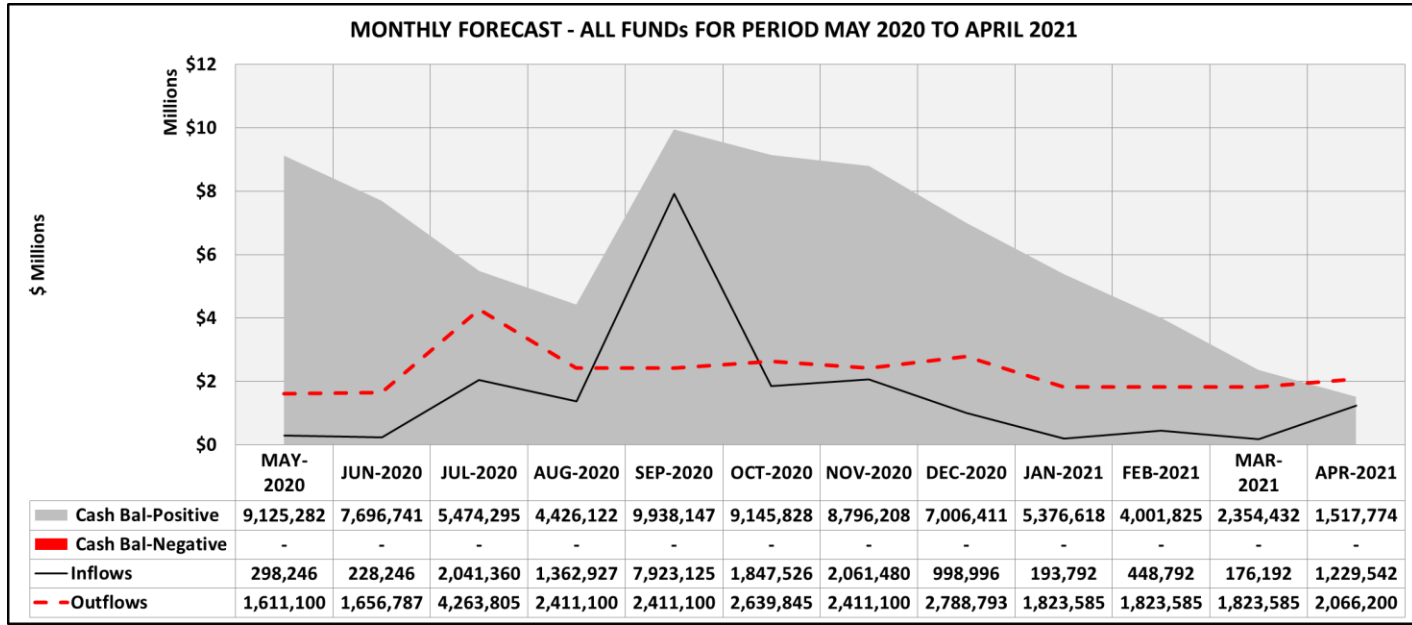
The Province has made amendments that allow municipalities to borrow funds from reserves and surplus, along with changing the deadline to forward School Tax collected.

In order to determine if the City of Merritt requires a Revenue Anticipation Bylaw, staff has analyzed our requirements for cash and the availability of the City's funds.

The City's funds are currently in easily accessible instruments. Longer term investments matured in 2019 and have not been reinvested due to the uncertainty in the markets. This has worked to the City's advantage in the current situation.

Financial / Risk Implications:

The chart below shows the estimated cash flow for the period of May 2020 to April 2021.



The cash available is the total cash and short-term investments that they City has, less the funds committed to deferred revenue including DCC's. The grey shaded area shows the amount of total cash available. The solid black line shows the cash inflows, with the major increases coming in July (Utility Payment Deadline and Property Taxes go out), September (property tax deadline) and then fairly level throughout the year.

The dotted red line shows the cash outflows, which are consistent, with increases in July (payment to other authorities).

This estimate is based on the information at hand. During the next months, there may be some changes in revenues and expenditures depending on when the pool and arena open. The net difference should not change too much as both facilities incur operating expenses including wages, that will offset any increases in the revenues.

Based on this analysis, the City does not require a Revenue Anticipation Bylaw.

Staff will be comparing actuals to estimates as the year progresses.

Respectfully submitted,

Sheila Thiessen, CPA, CMA
Director of Finance & IT

Report

City of Merritt
Finance & Audit Meeting
May 20, 2020

File Number: 1610

To: Scott Hildebrand, Chief Administrative Officer
From: Sheila Thiessen, Director of Finance & IT
Date: May 15, 2020
Subject: Draft Reserve and Surplus Policy

RECOMMENDATION:

THAT the Finance & Audit Committee provide staff with input and direction on the draft Reserve and Surplus Policy presented prior to the policy being considered by the Policy Committee.

Background:

Reserves and surpluses have been handled on an ad hoc basis in the past. It is staff and Council's intention to formalize the process to provide consistent budgets and generate funding sources for capital projects as the long-term capital plan is developed.

A reserve and surplus policy will give Council and taxpayers certainty on funding for projects and ongoing asset management.

Once the Finance and Audit Committee has provided input the draft will go to the Policy Committee for consideration. Having the policy in place during the 2021 budgeting process will provide clarity for staff and Council.

Financial / Risk Implications:

The draft policy provides some recommendations for allocating existing reserves and surpluses that will provide greater sustainability and consistency for the City's financial planning processes in both the short and long term.

Strategic Plan Reference:

A Reserve and Surplus Policy is part of the foundation for the Long-Term Financial plan and Asset Management identified in the Strategic Plan.

Others Consulted:

In preparation of this draft policy, staff has consulted with other municipalities and GFOA's best practices.

Attachments:

Draft Reserve and Surplus Bylaw

Respectfully submitted,

Sheila Thiessen, CPA, CMA
Director of Finance & IT

1 PURPOSE OF POLICY

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

2 DEFINITIONS

- (A) **"Annual Surplus"** means the excess of revenues over expenses for the current year.
- (B) **"Accumulated Surplus"** means the accumulated excess of revenues over expenses from prior years which has not been set aside for specific purposes.
- (C) **"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.
- (D) **"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.
- (E) **"Reserves"** means all of the City's reserve funds and mandatory reserve funds.

3 POLICY ADMINISTRATION

3.1 RESPONSIBILITIES

The Director of Finance & IT will 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", recommending revisions or amendments to this policy, due to changes in applicable statutes, accounting standards, or economy.

3.2 CORPORATE PURPOSE

Reserves must have a unique and specific corporate purposes. 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.

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 plan bylaw.

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.

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.

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 earning in a reserve fund must be used only for the purpose for which the fund was established.

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.

4 GUIDING PRINCIPLES AND OBJECTIVES

GUIDING PRINCIPLES

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

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*.

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 Merritt. 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

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, reserve funds for 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.

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.

a. Working Capital

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

b. 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.

c. 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 fund and Gas Tax Community Works Fund reserve funds.

d. 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.

e. 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 the reserves, the tracking of spend for each asset category is more efficient.

6 RESERVES CURRENT AND PROPOSED

6.1 ACCUMULATED SURPLUSES

The City needs to maintain accumulated surplus balances in its four operating funds (general, water, sewer and transit) 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. For sewer, water and transit accumulated surplus; excess funds will be transferred to the respective reserves for these funds.

6.2 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 will be established for the purpose(s) identified.

6.2.1 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 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 that meet the eligibility criteria of the Community Works Gas Tax Funding Program.

6.2.2 Financial Stabilization Reserve

The financial stabilization reserve will be established for the following purposes:

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.

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.

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 spikes and declines in general taxation.

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

6.2.3 Climate Change Reserve

The Climate changes reserve will be used to fund projects that will reduce the City's carbon footprint and be instrumental in moving the City towards carbon neutrality.

6.3 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 capital reserve fund has been established for the purpose(s) identified.

6.3.1 Capital Works Reserve (Current)

This reserve is to fund capital equipment and works for public works, fire, recreation, sewer and water departments.

6.3.2 Capital Works Reserve (Proposed)

Sewer System

Water System

Fire Protection

Roadways and Storm Water Infrastructure

Vehicles & Equipment

Aquatic Centre

Arena

Facilities

Parks and Recreation

6.4 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 noted below.

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

Parkland DCC

Roads DCC

Sewer DCC

Water DCC

Drainage Sector DCC

These are reported as deferred revenue in the City's Financial Statements

6.4.2 Parks Dedication

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 (monies received in lieu of parkland upon subdivision) must be set aside in a reserve and be used exclusively to purchase parkland. The parks dedication reserve fund has been established for accumulating and expending monies as per this requirement.

6.4.3 Parking Reserve

The parking reserve fund was established by bylaw and is funded from funds received from developers that don't have enough parking to meet the requirements as per the zoning bylaw. This fund is reserved for the development of parking in the downtown core and could also be used for projects that promote alternative modes of transportation.

6.4.4 Land Sale Reserve

When the City sells property that it owns, the proceeds are required to go into the land sale reserve fund to be held for future property purchases for the City's use.

6.4.5 Cemetery Care Fund

The City is required to collect a care fund contribution with the sale of any interment rights (plots) and the installation of memorial markers. These funds are held in a trust fund, and only the interest on the fund may be accessed in certain circumstances. This fund is not included in the City's financials but disclosed in the notes.

City of Merritt
Reserve and Surplus Policy

7 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.

Reserve	Category	Purpose	Funding Source(s)	Current Level 2019 YE	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established.
Accumulated Surplus – General Fund	Working Capital	Cash Flow, unexpected expenses	Annual excess of operating revenues over operating expenses	2,534,290	1,200,000	3,000,000	Should be able to cover 1 – 3 months of operating expenses
Accumulated Surplus – Sewer Fund	Working Capital	Cash Flow, unexpected expenses	Annual excess of operating revenues over operating expenses	3,791,531	89,000	270,000	Should be able to cover 1 – 3 months of operating expenses
Accumulated Surplus – Transit Fund	Working Capital	Cash Flow, unexpected expenses	Annual excess of operating revenues over operating expenses	139,189	28,600	50,000	Should be able to cover 1 – 3 months of operating expenses

City of Merritt
Reserve and Surplus Policy

Reserve	Category	Purpose	Funding Source(s)	Current Level 2019 YE	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established.
Accumulated Surplus – Water Fund	Working Capital	Cash Flow, unexpected expenses	Annual excess of operating revenues over operating expenses	1,481,435	109,000	327,000	Should be able to cover 1 – 3 months of operating expenses
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 public infrastructure	Federal Community Gas Tax Works funds distributed by UBCM annually	2,587,052	N/A	N/A	No range set for levels Funds can not be used to pay municipal portion of federally funded projects.
Reserve for Future Expenditures - General - Water - Sewer	Opportunity			1,725,424 439,070 1,273,522			Recommendation that these be reallocated into new capital reserves
Financial Stabilization Reserve – General Fund	Risk Mitigation	To reduce impact of tax assessments and expenditure uncertainty	Annual Operating Surplus	Proposed	N/A	N/A	Depends on risk, this could be used for tax leveling with revitalization exemptions

City of Merritt
Reserve and Surplus Policy

Reserve	Category	Purpose	Funding Source(s)	Current Level 2019 YE	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established.
Climate Change	Dedicated Revenue Source	Funding projects to reduce City's Carbon Footprint	Carbon Rebate Funds	Proposed	N/A	N/A	No projects identified at this point
Capital Works - Fire - Recreation - Public Works - Sewer - Water	Planned Capital Spending	Funding Capital Projects	Budgeted annual transfer for Fire and Recreation	298,813 275,090 124,628 9,554 8,820			To be reallocated to individual reserves that are more specific
Sewer System Capital	Planned Capital Spending	Sewer Projects	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Fire Protection Capital	Planned Capital Spending	Fire Vehicles and Equipment	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Facilities Capital	Planned Capital Spending	Building Reno's and Refurbishments	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Aquatic Capital	Planned Capital Spending	Building Reno's and Equipment	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Arena Capital	Planned Capital Spending	Building Reno's and Plant Mtce	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management

City of Merritt
Reserve and Surplus Policy

Reserve	Category	Purpose	Funding Source(s)	Current Level 2019 YE	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established.
Parks and Recreation Capital	Planned Capital Spending	Parks and Recreation Capital Projects, including trails	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Water System Capital	Planned Capital Spending	Water System Capital	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Vehicles and Equipment Capital	Planned Capital Spending	Vehicles and Equipment Purchases for General Fund	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Roadways and Stormwater Infrastructure Capital	Planned Capital Spending	Road masterplan and drainage projects	Budgeted Funding/Allocation of Surplus	Proposed			To be determined through asset management
Parkland DCC	Dedicated Revenue Source	Provide partial funding for projects identified in the DCC Bylaw	Developer Contributions	181,464	N/A	N/A	To be defined by DCC Bylaw
Roads DCC	Dedicated Revenue Source	Provide partial funding for projects identified in the DCC Bylaw	Developer Contributions	826,213	N/A	N/A	To be defined by DCC Bylaw

City of Merritt
Reserve and Surplus Policy

Reserve	Category	Purpose	Funding Source(s)	Current Level 2019 YE	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established.
Sewer DCC	Dedicated Revenue Source	Provide partial funding for projects identified in the DCC Bylaw	Developer Contributions	2,886,026	N/A	N/A	To be defined by DCC Bylaw
Water DCC	Dedicated Revenue Source	Provide partial funding for projects identified in the DCC Bylaw	Developer Contributions	897,254	N/A	N/A	To be defined by DCC Bylaw
Drainage Sector DCC	Dedicated Revenue Source	Provide partial funding for projects identified in the DCC Bylaw	Developer Contributions	140,358	N/A	N/A	To be defined by DCC Bylaw
Park Dedication	Dedicated Revenue Source	For future Park Development	Developer cash in lieu of parkland	107,675	N/A	N/A	Dependent on development
Parking Reserve	Dedicated Revenue Source	For future parking needs	Per bylaw in lieu of parking spaces	75,914	N/A	N/A	Dependent on development
Land Sale Reserve	Dedicated Revenue Source	For future land purchases	Proceeds from City owned property sales/budgeted funding	13,148	N/A	N/A	Dependent on plans for land acquisitions

City of Merritt
Reserve and Surplus Policy

Reserve	Category	Purpose	Funding Source(s)	Current Level 2019 YE	Minimum \$ Level	Optimum \$ Level	Rationale for \$ Levels Established.
Cemetery Care Fund	Dedicated Revenue Source	Cemetery Sustainability	Portion of all plot sales and marker placement fees	166,521	N/A	N/A	Depends on demand and rates

DRAFT