



# *TOWN OF THREE HILLS*

## **POLICY # 850**

### **EQUIPMENT REPLACEMENT RESERVE POLICY**

**Adopted by Council on:** July 13, 2020  
**Resolution No.:** 359-2020

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#### **1. PURPOSE**

- 1.1. The purpose of this Policy is to establish an Equipment Replacement Reserve in accordance with Policy 530 – Reserves Policy, as amended.
- 1.2. The Equipment Replacement Reserve shall be used to fund vehicle and equipment purchases.

#### **2. AUTHORITY**

- 2.1. The authority for this Policy is by resolution of the Council of the Town of Three Hills.
- 2.2. This Policy shall comply with Policy 530 – Reserve Policy, as amended.

#### **3. TARGETS**

- 3.1. Targeted Minimum Balance: N/A
- 3.2. Targeted Maximum Balance: N/A
- 3.3. Targeted Annual Contribution: N/A

#### **4. FUNDING SOURCE**

- 4.1. The Equipment Replacement Reserve shall be funded through the collection of funds by charging an Equipment Replacement fee to Town departments based on equipment usage (i.e. number of hours or kilometers used) from the date of asset acquisition to the end of the assets useful life.
  - 4.1.1. The Equipment Replacement fee shall be set annually.
- 4.2. Proceeds from the disposal of existing vehicles and equipment shall be credited to the Equipment Replacement Reserve.

#### **5. POLICY GUIDLINES**

- 4.1. The General Ledger account for the Equipment Replacement Reserve will be GL # 1-4-0000-

## 76101 – Equipment Replacement Reserve.

- 4.2. The Chief Administrative Officer, or designate, will ensure the overall effective administration of dedicated reserves in accordance with Policy 530 – Reserves Policy.
- 4.3. Annually, in conjunction with the budget process and the presentation of the audited financial statements to Council, a list indicating the current and previous year-end balances for this reserve will be provided.
- 4.4. The use of this reserve to fund any expenditure must be by way of a Council.

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