

CITY OF SASKATOON COUNCIL POLICY

NUMBER
C03-016

POLICY TITLE <i>Mendel Art Gallery Reserve Funds</i>	ADOPTED BY: <i>City Council</i>	EFFECTIVE DATE <i>June 23, 1980</i>
		UPDATED TO <i>January 19, 1998</i>
ORIGIN/AUTHORITY <i>City Commissioner Reports 25-1980, 4-1984 and 2-1998; Legislation and Finance Committee Report No. 37-1987</i>	CITY FILE NO. <i>CK. 1815-1</i>	PAGE NUMBER <i>1 of 5</i>

1. PURPOSE

To administer and control the utilization of funds in reserves administered by the Board of Directors of the Saskatoon Gallery and Conservatory Corporation.

2. DEFINITIONS

- 2.1 Mendel Art Gallery - includes the buildings and associated infrastructure (i.e. parking lot, roadway and grounds lighting). Excludes the Conservatory portion.
- 2.2 Equivalent Replacement - refers to the replacement of eligible capital which performs a defined function, the emphasis being the performance of the function rather than the item being replaced. Replacement can include the repair of the original item.
- 2.3 Eligible Capital - refers to the acquisition or construction of a tangible asset which has a useful life of more than one year.

3. GENERAL POLICY

3.1 Reserve Fund Investment

The Mendel Art Gallery Board shall invest the funds accumulated in the Reserve Funds in accordance with their existing investment strategy.

CITY OF SASKATOON COUNCIL POLICY

NUMBER

C03-016

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Mendel Art Gallery Reserve Funds</i>	<i>June 23, 1980</i>	<i>January 19, 1998</i>	<i>2 of 5</i>

3.2 Authorization

Annually, during the review of the Capital Budget/Plan, a detailed five-year plan of proposed source and application of funds for the Capital Replacement and Capital Expansion Reserve Funds shall be submitted to Council for consideration and approval.

3.3 Reserve Status Report

An annual status report of reserve balances, source and application of funds shall be submitted to City Council for review and consideration. The format of this Reserves Status Report shall be as determined by the General Manager of Finance.

4. CAPITAL REPLACEMENT RESERVE FUND

4.1 Purpose

To accumulate funds for the purpose of equivalent replacement of eligible capital which will maintain the Gallery's existing range and quality of services.

4.2 Source of Funds

- a) An annual provision equal to the value of 1.2% of one mill of the previous year's net taxable assessment or an equivalent resulting from future reassessments.
- b) All grants received for the purpose of capital expenditure as specifically related to this policy (i.e. equivalent replacement of eligible capital).
- c) Interest earned on the Capital Replacement Reserve Fund.
- d) Proceeds on disposal of fixed assets.

CITY OF SASKATOON COUNCIL POLICY

NUMBER
C03-016

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Mendel Art Gallery Reserve Funds</i>	<i>June 23, 1980</i>	<i>January 19, 1998</i>	<i>3 of 5</i>

4.3 Application of Funds

- a) Replacement expenditures may only be made for eligible capital with a total project expenditure of \$1,000 or more and which:
 - i) is obsolete, inadequate or unreliable and therefore, unable to perform the stated function, or
 - ii) is too costly to repair or requires excessive maintenance and therefore, replacement would be financially justifiable.
- b) Replacement should be viewed in the context of function rather than item (i.e. workload and service demand expansion may necessitate replacement with a larger or more sophisticated unit). It is not the intent of this policy to utilize the Capital Replacement Reserve Fund for the purpose of upgrading existing capital beyond the current service level. All enhancements of the Gallery's range and quality of services should be financed through the Capital Expansion Reserve Fund.
- c) Unanticipated replacement expenditures during the current year, which have not been approved in that year's Capital budget, must be reported to City Council for approval.

4.4 Loans

- a) Loans from the Capital Replacement Reserve Fund will be allowed to finance Mendel Art Gallery Capital Expansion Projects. The loans will be made subject to the availability of funds and to financial justification.
- b) Interest may be charged on loans at the equivalent market interest rate.

CITY OF SASKATOON COUNCIL POLICY

NUMBER

C03-016

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Mendel Art Gallery Reserve Funds</i>	<i>June 23, 1980</i>	<i>January 19, 1998</i>	<i>4 of 5</i>

5. CAPITAL EXPANSION RESERVE FUND

5.1 Purpose

To accumulate funds for eligible capital expenditures which will enhance the Gallery's existing range and quality of services.

5.2 Source of Funds

- a) An annual provision equal to the amount authorized by City Council through the Mendel Art Gallery Operating Budget. This provision shall be net of principal and interest payments required on outstanding debt incurred by the Gallery for capital expansion projects.
- b) All grants received for the purpose of capital expenditure as specifically related to this policy (i.e. capital expansion).
- c) Interest earned on the Capital Expansion Reserve Fund.

5.3 Application of Funds

Expenditures from the expansion reserve are limited to eligible capital with a total project expenditure of \$5,000 or more. The funds shall be used for the purpose of upgrading existing range and quality of services. It is not the intent of this policy to utilize the Capital Expansion Reserve Fund for replacement of capital required to maintain the status quo.

5.4 Loans

- a) Loans from the Capital Expansion Reserve Fund will be allowed to finance Mendel Art Gallery Capital Replacement Projects. The loans will be made subject to the availability of funds and to financial justification.
- b) Interest may be charges on loans at the equivalent market interest rate.

CITY OF SASKATOON COUNCIL POLICY

NUMBER
C03-016

POLICY TITLE	EFFECTIVE DATE	UPDATED TO	PAGE NUMBER
<i>Mendel Art Gallery Reserve Funds</i>	<i>June 23, 1980</i>	<i>January 19, 1998</i>	<i>5 of 5</i>

6. GENERAL RESPONSIBILITIES

6.1 Board of Directors, Saskatoon Gallery and Conservatory Corporation

- a) Administer the funds, develop and maintain an investment plan, make recommendations regarding application of funds, prepare and submit to Council appropriate reports as specified in this policy.
- b) Responsible for the administration and update of this policy.

6.2 City Council

Annually review and approve the detailed proposed source and application of funds, Reserves Status Report and any amendments to this policy.