



**THE MUNICIPAL CORPORATION OF THE TOWN OF FORT SMITH  
BY-LAW 972**

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A BY-LAW OF THE MUNICIPAL CORPORATION OF THE TOWN OF FORT SMITH, IN THE NORTHWEST TERRITORIES, RESPECTING THE FINANCIAL MATTERS OF THE TOWN, PASSED PURSUANT TO THE CITIES, TOWNS AND VILLAGE ACT S.N.W.T, 2013, c.22

WHEREAS, the Council of the Municipal Corporation of the Town of Fort Smith, in the Northwest Territories, deems it in the public interest to enact a bylaw which governs the administration of the financial affairs of the Town;

NOW THEREFORE BE IT RESOLVED that the Council of the Municipal Corporation of the Town of Fort Smith in Council duly assembled enacts as follows:

1. SHORT TITLE

1.1 This Bylaw may be cited as “The Financial Administration Bylaw.”

2. DEFINITIONS

2.1 “Council” means the Council of the Municipal Corporation of the Town of Fort Smith.

2.2 “Fund” means an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

2.3 “Reserve” means monies which are segregated and committed for a specific purpose in a future period.

2.4 “Senior Administrative Officer” means the Senior Administrative Officer of the Town of Fort Smith.

2.5 “Town” means the Town of Fort Smith.

3. ESTABLISHMENT OF FUNDS

3.1 GENERAL OPERATING FUND

3.1.1 Pursuant to the Cities, Towns, and Villages Act the General Operating Fund is hereby established.

3.1.2 The purpose of this fund shall be to account for all assets, liabilities and financial transactions of the Town, which are not accounted for in another fund.

3.1.3 The Revenues and Expenditures in the General Operating Fund shall be made in accordance with the budget adopted for each fiscal year, pursuant to the Cities, Towns, and Villages Act.

3.1.4 All Expenditures and Disbursements in the General Operating Fund shall be made in accordance with the Cities, Towns, and Villages Act.



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- 3.1.5 All Revenues collected in the General Operating Fund shall be deposited into the General Municipal Fund Bank Account, at a Bank approved by resolution of Council from time to time.
- 3.1.6 Financial Statements shall be prepared annually for the General Operating Fund and audited by an auditor appointed by Council.
- 3.1.7 Any surplus or deficit at the end of a fiscal year in the General Operating Fund shall be treated in accordance with the applicable section of this Bylaw.

**3.2 UTILITY OPERATING FUND**

- 3.2.1 Pursuant to the Cities, Towns, and Villages Act, the Utility Operating Fund is hereby established.
- 3.2.2 The purpose of this fund shall be to account for all monies and financial transactions of the Town that pertain to the operations of the Town's Water and Sewer system.
- 3.2.3 The Revenues and Expenditures in the Utility Operating Fund shall be made in accordance with the budget adopted for each fiscal year.
- 3.2.4 All Revenues and Expenditures in the Utility Operating Fund shall be made in accordance with the Cities, Towns and Villages Act.
- 3.2.5 Financial Statements shall be prepared annually for the Utility Operating Fund and audited by an auditor appointed by Council.
- 3.2.6 The Utility Operating Fund is to be a self-liquidating fund, with the budgeted revenues being equal to the budgeted expenditures in a fiscal year.
- 3.2.7 Any surplus or deficit at the end of a fiscal year in the Utility Operating Fund shall be treated in accordance with the applicable section of this Bylaw.

**3.3 LAND DEVELOPMENT FUND**

- 3.3.1 Pursuant to the Cities, Towns, and Villages Act the Land Development Fund is hereby established.
- 3.3.2 The purpose of this fund shall be to account for all monies and financial transactions of the Town which pertain to the acquisition, development, sales, and rental of municipal land within the Town.
- 3.3.3 The Revenues and Expenditures in the Land Development Fund shall be made in accordance with the budget adopted for each fiscal year.
- 3.3.4 All Expenditures and Disbursements in the Land Development Fund shall be made in accordance with the Cities, Towns, and Villages Act.
- 3.3.5 Financial Statements shall be prepared annually for the Land Development Fund, and audited by an auditor appointed by Council.
- 3.3.6 The Land Development Fund shall operate independently of the General Operating Fund, with all expenditures being covered by revenues of land sales and rental.
- 3.3.7 Any surplus or deficit at the end of a fiscal year in the Land Development Fund shall be treated in accordance with the applicable section of this Bylaw.



### 3.4 ENVIRONMENTAL OPERATING FUND

- 3.4.1 Pursuant to the Cities, Towns and Villages Act, the Environmental Operating Fund is hereby established.
- 3.4.2 The purpose of this fund shall be to account for all monies and financial transactions of the Town which pertain to the provision of environmental services to the residents of Fort Smith.
- 3.4.3 The Revenues and Expenditures in the Environmental Operating Fund shall be made in accordance with the budget adopted for each fiscal year.
- 3.4.4 All Revenues and Expenditures shall be made in accordance with the Cities, Towns and Villages Act.
- 3.4.5 Financial Statements shall be prepared annually for the Environmental Operating Fund and audited by an auditor appointed by Council.
- 3.4.6 The Environmental Operating Fund is to be a self-liquidating fund, with the budgeted revenues being equal to the budgeted expenditures in a fiscal year.
- 3.4.7 Any accumulated surplus from previous fiscal years shall be appropriated to the Reserve for Environmental Services.

### 3.5 GENERAL CAPITAL FUND

- 3.5.1 Pursuant to the Cities, Towns, and Villages Act, the General Capital Fund is hereby established.
- 3.5.2 The purpose of this fund shall be to account for all equity in fixed assets of the Town which are not specifically accounted for in any other fund, and shall include the capital cost of assets and infrastructure and any related debenture or other debt.
- 3.5.3 Financial Statements shall be prepared annually for the General Capital Fund, and audited by an auditor appointed by Council.
- 3.5.4 There shall be no surplus or deficit in the General Capital Fund.

## 4. ESTABLISHMENT OF RESERVES

### 4.1 RESERVE FOR GENERAL OPERATIONS

- 4.1.1 This reserve shall be called the “Reserve for General Operations”.
- 4.1.2 The purpose of this reserve shall be to carry forward unexpended monies from the current fiscal year required in a future year to complete a project commenced in a given year. This reserve is also for the replacement of capital infrastructure required to efficiently and effectively serve the needs of the Town.
- 4.1.3 This reserve shall be increased from transfer from operating surplus from time to time to provide for the completion of projects in future years.
- 4.1.4 This reserve shall be increased by an annual budgeted contribution to this reserve of no less than \$100,000 per year.
- 4.1.5 The monies accumulated in this reserve shall be deposited to a bank account designated for General Fund Reserves, and shall be accounted for as separate and apart from other reserve funds being deposited into this bank account.



- 4.1.5 Monies from this reserve shall only be disbursed to the extent that funds were reserved for the completion of a specific project or the replacement of assets not funded by the Reserve for Utility Infrastructure or Reserve for Environmental Services.

#### 4.2 RESERVE FOR UTILITY INFRASTRUCTURE REPLACEMENT

- 4.2.1 This reserve shall be called the “Reserve for Utility Infrastructure Replacement”.
- 4.2.2 The purpose of this reserve shall be to ensure that the Town will have sufficient monies available to replace or expand the municipal utility infrastructure required to efficiently and effectively serve the needs of the Town.
- 4.2.3 This reserve shall be increased by an annual budgeted contribution to this reserve of no less than \$100,000 per year.
- 4.2.4 The monies accumulated in this reserve shall be deposited to a bank account designated for General Fund Reserves, and shall be accounted for as separate and apart from other reserve funds being deposited into this bank account.
- 4.2.5 Monies from this reserve shall only be disbursed in accordance with a budget duly approved by Council, which shall specifically identify all municipal infrastructure expenditures and the amount being funded by this reserve.

#### 4.3 RESERVE FOR WATER, SEWER SERVICE INTERRUPTION REPAIR

- 4.3.1 This reserve shall be called the Service Interruption Insurance Reserve.
- 4.3.2 This reserve is established and is governed by the Service Interruption Insurance Bylaw.

#### 4.4 RESERVE FOR ENVIRONMENTAL SERVICES

- 4.4.1 This reserve shall be called the “Reserve for Environmental Services”.
- 4.4.2 The purpose of this reserve shall be to ensure that the Town will have sufficient monies available to fund the closure of the current landfill site, to open a new landfill site and for capital projects required to extend the life of the landfill site and required to efficiently and effectively serve the needs of the Town.
- 4.4.3 This reserve shall be increased by an annual budgeted contribution to this reserve of no less than \$100,000 per year.
- 4.4.4 The monies accumulated in this reserve shall be deposited to a bank account designated for General Fund Reserves, and shall be accounted for as separate and apart from other reserve funds being deposited into this bank account.
- 4.4.5 Monies from this reserve shall only be disbursed in accordance with a budget duly approved by Council, which shall specifically identify all landfill infrastructure expenditures and the amount being funded by this reserve.



5. SURPLUS AND DEFICIT GUIDELINES

5.1 GENERAL OPERATING FUND

- 5.1.1 Pursuant to the Cities, Towns, and Villages Act, the Town may save any surplus at the end of a fiscal year for use in future fiscal years.
- 5.1.2 Pursuant to the Cities, Towns, and Villages Act, the Town shall eliminate any deficit at the end of a fiscal year by the end of the next fiscal year.
- 5.1.3 Notwithstanding that the Town may have an accumulated surplus as permitted in Clause 5.1.1 above; the Town shall not approve a deficit budget in any given year.
- 5.1.4 Any accumulated surplus from previous fiscal years shall continue to be carried forward from year to year as an unappropriated surplus, until such accumulated surplus exceeds 20% of the total revenues, including grants in lieu of taxation, in a given fiscal year. Any accumulated surplus, which exceeds 20% of total revenues as verified during an annual audit, may, by resolution of Council, be appropriated towards reduction of long-term debt, be contributed toward eliminating the deficit in other funds or allocated to the Reserve for General Operations.

5.2 UTILITY OPERATING FUND

- 5.2.1 Pursuant to the Cities, Towns, and Villages Act, the Town may save any surplus at the end of a fiscal year for use in future fiscal years.
- 5.2.2 Pursuant to the Cities, Towns, and Villages Act, the Town shall eliminate any deficit at the end of a fiscal year by the end of the next fiscal year.
- 5.2.3 The elimination of any deficit shall be attained through an adjustment of water and sewer rates in the next fiscal year or by transfer from the Reserve for Utility Infrastructure.
- 5.2.4 Notwithstanding that the Town may have an accumulated surplus as permitted in Clause 5.2.1 above; the Town shall not approve a deficit budget in any given year.
- 5.2.5 Any accumulated surplus from previous fiscal years shall be appropriated to Reserve for Utility Infrastructure.

5.3 LAND DEVELOPMENT FUND

- 5.3.1 Pursuant to the Cities, Towns, and Villages Act, the Town may save any surplus at the end of a fiscal year for use in future fiscal years.
- 5.3.2 Pursuant to the Cities, Towns, and Villages Act, the Town shall eliminate any deficit at the end of a fiscal year by a transfer from General Surplus or by transfer from the Reserve for General Operations.
- 5.3.3 Any accumulated surplus from previous fiscal years shall continue to be carried forward from year to year as an unappropriated surplus, until such accumulated surplus exceeds \$500,000. Any accumulated surplus, which exceeds \$500,000 as verified during an annual audit, may, by resolution of Council, be transferred as revenues to the Reserve for General Operations, subject to Clause 5.3.4 below.



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5.3.4 Notwithstanding Clause 5.3.3 above, before any surplus more than \$500,000 is transferred to the Reserve for General Operations, the Town shall review the book value of all land inventory held for resale to ensure the net realizable value meets or exceeds the book value. Where the net realizable value is less than the book value, the book value shall be written down to the net realizable value and this amount shall reduce the accumulated surplus accordingly.

5.4 ENVIRONMENTAL FUND

5.4.1 Pursuant to the Cities, Towns, and Villages Act, the Town may save any surplus at the end of a fiscal year for use in future fiscal years.

5.4.2 Pursuant to the Cities, Towns, and Villages Act, the Town shall eliminate any deficit at the end of a fiscal year by the end of the next fiscal year or by a transfer from the Reserve for Environmental Services or transfer from accumulated surpluses in the Environmental Fund or General Fund.

5.4.3 Any accumulated surplus from previous fiscal years shall be appropriated to Reserve for Environmental Services.

6. REPEAL

6.1 Bylaw #951 are hereby repealed.

READ A FIRST TIME THIS 21<sup>st</sup> DAY OF February, 2017 A.D.

READ A SECOND TIME THIS 21<sup>st</sup> DAY OF February, 2017 A.D.

READ A THIRD TIME THIS 21<sup>st</sup> DAY OF March, 2017 A.D.

MAYOR

SENIOR ADMINISTRATION OFFICER

I hereby certify that this bylaw has been made in accordance with the requirements of the *Cities, Towns and Villages Act* and the bylaws of the Municipal Corporation of the Town of Fort Smith.

SENIOR ADMINISTRATION OFFICER