



2015 Annual Reserve and Reserve Fund Report

In August 2014, the Town of Parry Sound adopted a new Reserve and Reserve Fund Policy. This policy requires that the Treasurer for the Town reports to Council on a quarterly basis with an update of the Reserve and Reserve Funds. This annual report is a more detailed update with balances as at December 31, 2015.

Reserves vs Reserve Funds

A "Reserve" is an allocation from net revenues that makes no reference to any specific asset and does not require the physical segregation of money. They are established primarily for the purpose of providing working funds. A reserve cannot have a revenue or expense of itself.

A "Reserve Fund" is a fund that is segregated and restricted to meet a specified purpose and includes both an obligatory reserve fund and a discretionary reserve fund. Obligatory Reserve Funds are required by legislation or agreement and are for works to be undertaken on behalf of the contributor.

If Council wishes to reallocate funds from a reserve it can do so through a resolution. Using reserve funds for a purpose other than what is stipulated in the Reserve Fund establishing by-law requires an amendment or revocation of that by-law.

Reserves

The Town has established 28 reserves with a total balance of \$10,997,034 as at December 31, 2015. The reserves can be classified as follows:

- 6 reserves established for the replacement of capital assets with a total balance of \$1,511,094;
- 2 reserves established to provide working capital and tax rate stabilization with a total balance of \$2,342,913;



- 2 reserves established for the water and wastewater system with a total balance of \$5,379,246; and
- 18 reserves established for funding operational requirements with a total balance of \$1,763,781.

In 2015, the Town established five major capital asset replacement reserves. These reserves will be utilized ongoing into the future as part of the asset management plan and long term financial strategy. Funds will be contributed into the account in order to smooth the impact of any large capital replacements, and withdrawn as necessary to fund the asset replacement. This was first utilized in 2016’s budget for fleet and IT infrastructure.

Purpose of Reserves

The following table shows the name and purpose of the existing reserves:

Reserve	Purpose
Bobby Orr Hall of Fame Reserve	To fund future operational and capital expenditures for the Bobby Orr Hall of Fame
Cemetery and Columbaria Reserve	To fund future operational and capital expenditures for cemeteries
Economic Development Reserve	To provide funding for economic development initiatives
Elections Reserve	To fund future municipal election costs
Emergency Services Reserve	To fund future operational and capital expenditures for fire services
Façade Improvement Reserve	To provide funding for façade improvement program
Health Unit Capital Reserve	To provide capital funding for the North Bay Parry Sound District Health Unit
Industrial Park Reserve	To fund future development at the Parry Sound Area Industrial Development Park



Reserve	Purpose
LACAC Directory Reserve	To provide funding for the Local Architectural Conservation Advisory Committee
Planning Legal Reserve	To provide funding for planning related professional fees.
Police Cost Stabilization Reserve	To provide for stable funding for police costs.
PS Power Promissory Note Reserve	
Stockey Centre Reserve	To fund future operational and capital expenditures for the Charles W. Stockey Centre
Waste Management and Landfill Decommissioning Reserve	To provide funding for future operational and capital needs for waste management.
WSIB Reserve	To provide funding for future WSIB requirements.
Parks Reserve	To fund future operational and capital replacement and expansion for local parks.
Emergency Capital Asset Replacement Reserve	To provide funding for unforeseen capital asset replacement
Infrastructure Replacement Reserve	To provide funding for replacement of existing infrastructure assets
Equipment Replacement Reserve	To provide funding for replacement of existing equipment and machinery assets
Fleet Replacement Reserve	To provide funding for replacement of existing fleet
IT Replacement Reserve	To provide funding for replacement and expansion of information technology assets



Reserve	Purpose
Tax Rate Stabilization Reserve	To fund tax revenue shortfalls, one time expenditures as well as other contingencies.
Salt Management Reserve	To fund future salt management needs.
Winter Control Reserve	To mitigate impact of winter fluctuations on winter control expenditures
Wastewater Stabilization Reserve	To fund wastewater service operations and future capital asset expenditures.
Water Stabilization Reserve	To fund water service operations and future capital asset expenditures.
General Working Capital Reserve	To provide working capital for the Town.

Balances for Reserves – December 31, 2015

The table on the following page outlines the existing reserves with their opening balances as of January 1, 2015, the impact of a consolidation between accounts, transfers in and out of the reserves during the 2015 fiscal year and the closing balance.



Item	Opening Balance	Consolidation In			Ending Balance,
	Jan 1, 2015	2015	Transfers In	Transfers Out	December 31 20
Bobby Orr Hall of Fame Reserve	\$ 205,842.13	\$ -	\$ 32,954.65	\$ -	\$ 238,796.78
Cemetery and Columbaria Reserve	63,443.61	-	-	(25,699.00)	37,744.61
Economic Development Reserve	41,458.95	-	-	-	41,458.95
Elections Reserve	5,000.00	-	-	-	5,000.00
Emergency Services Reserve	42,766.34	16,246.46	-	-	59,012.80
Facade Improvement Reserve	10,376.22	-	-	-	10,376.22
Health Unit Capital Reserve	14,428.00	-	-	-	14,428.00
Industrial Park Reserve	30,410.00	-	-	-	30,410.00
LACAC Directory Reserve	7,567.80	-	22.12	-	7,589.92
Planning Legal Reserve	20,000.00	-	-	-	20,000.00
Police Cost Stabilization Reserve	71,258.00	-	-	(48,829.00)	22,429.00
PS Power Promissory Note Reserve	72,435.92	-	-	-	72,435.92
Stockey Centre Reserve	81,294.81	-	56,350.65	(12,356.99)	125,288.47
Waste Management and Landfill Decommissioning Reserve	328,706.50	-	1,068.92	(70,000.00)	259,775.42
WSIB Reserve	50,608.12	-	-	-	50,608.12
Parks Reserve	215,552.91	75,000.00	140,675.00	(38,413.83)	392,814.08
Emergency Capital Asset Replacement Reserve	1,841,438.49	(1,711,842.37)	-	(77,400.00)	52,196.12
Infrastructure Replacement Reserve	-	651,914.05	-	(99,255.71)	552,658.34
Equipment Replacement Reserve	-	40,877.00	-	(3,204.88)	37,672.12
Building Replacement Reserve	-	409,704.18	14,750.00	(23,455.27)	400,998.91
Fleet Replacement Reserve	-	452,319.82	-	-	452,319.82
IT Replacement Reserve	-	65,780.86	-	(50,532.07)	15,248.79
Tax Rate Stabilization Reserve	1,022,579.08	-	-	(117,407.86)	905,171.22
Salt Management Reserve	18,000.00	-	-	-	18,000.00
Winter Control Reserve	67,636.87	-	289,975.39	-	357,612.26
Wastewater Stabilization Reserve	1,682,439.53	-	493,021.02	(387,119.18)	1,788,341.37
Water Stabilization Reserve	3,152,611.13	-	711,124.36	(272,830.42)	3,590,905.07
General Working Capital Reserve	1,437,741.39	-	-	-	1,437,741.39
Total	10,483,595.80	(0.00)	1,739,942.11	(1,226,504.21)	\$ 10,997,033.70



Projected 2016 Balances

The following table shows the projected ending balance, as at June 6, 2016, of the reserves based on the 2016 budget and any subsequent resolutions of Council.

Item	Opening Balance		Transfers In	Transfers Out	Ending Balance,
	Jan 1, 2015				December 31 20
Bobby Orr Hall of Fame Reserve	\$ 238,796.78	\$ -	\$ -	\$ 238,796.78	
Cemetery and Columbaria Reserve	37,744.61	-	(15,000.00)	22,744.61	
Economic Development Reserve	41,458.95	-	-	41,458.95	
Elections Reserve	5,000.00	-	-	10,000.00	
Emergency Services Reserve	59,012.80	-	-	59,012.80	
Facade Improvement Reserve	10,376.22	-	-	10,376.22	
Health Unit Capital Reserve	14,428.00	-	-	14,428.00	
Industrial Park Reserve	30,410.00	-	-	30,410.00	
LACAC Directory Reserve	7,589.92	-	-	7,589.92	
Planning Legal Reserve	20,000.00	-	-	20,000.00	
Police Cost Stabilization Reserve	22,429.00	-	-	22,429.00	
PS Power Promissory Note Reserve	72,435.92	-	-	72,435.92	
Stockey Centre Reserve	125,288.47	-	(33,500.00)	91,788.47	
Waste Management and Landfill Decommissioning Reserve	259,775.42	-	-	259,775.42	
WSIB Reserve	50,608.12	-	-	50,608.12	
Parks Reserve	392,814.08	-	(264,989.00)	127,825.08	
Emergency Capital Asset Replacement Reserve	52,196.12	-	(14,000.00)	38,196.12	
Infrastructure Replacement Reserve	552,658.34	46,134.00	(51,000.00)	547,792.34	
Equipment Replacement Reserve	37,672.12	246,134.00	(195,800.00)	83,806.12	
Building Replacement Reserve	400,998.91	-	(139,505.00)	261,493.91	
Fleet Replacement Reserve	452,319.82	479,039.00	(835,800.00)	-	
IT Replacement Reserve	15,248.79	35,000.00	(10,000.00)	40,248.79	
Tax Rate Stabilization Reserve	905,171.22	-	(120,525.00)	784,646.22	
Salt Management Reserve	18,000.00	-	-	18,000.00	
Winter Control Reserve	357,612.26	-	-	357,612.26	
Wastewater Stabilization Reserve	1,788,341.37	982,261.00	(813,500.00)	1,957,102.37	
Water Stabilization Reserve	3,590,905.07	485,370.77	(387,500.00)	3,688,775.84	
General Working Capital Reserve	1,437,741.39	-	-	1,437,741.39	
Total	10,997,033.70	2,273,938.77	(2,881,119.00)	\$ 10,295,094.65	



Reserve Funds

The Town has established 18 reserve funds with a total balance of \$6,120,759.62 at December 31, 2015. The reserve funds can be categorized as follows:

- 5 reserve funds held on behalf of others with a total of \$374,611;
- 3 reserve funds for the purposes of Land Ambulance services in the District with a total of \$2,302,165;
- 3 reserve funds for obligatory purposes under Provincial statute or agreement with a total of \$128,832;
- 2 reserve funds for the purpose of water and wastewater services with a total of \$182,151;
- 1 reserve fund for the purpose of funding “legacy” capital projects with a total of \$2,065,750;
- 1 reserve fund for the purpose of funding capital asset replacement with a total of \$393,584;
- 1 reserve fund for the purpose of parkland dedication and municipal property purchases with a total of \$112,497;
- 1 reserve fund for the purpose of municipal parking with a total of \$281,955; and
- 1 reserve fund for the purpose of providing financial support for the Bobby Orr Hall of Fame with a total of \$141,922.89



Balance of Reserve Funds at December 31, 2015

The following shows the summary activity for reserve funds for the year 2015

Reserve Fund	Opening Balance - January 1, 2015	Interest Earned	Transfer In	Transfers Out	Ending Balance - December 31, 2015
CP Station Reserve Fund	\$ -				\$ -
Capital Asset Legacy Reserve Fund	2,615,573.98	31,972.22	-	(581,795.83)	2,065,750.37
Capital Replacement Reserve Fund	388,788.37	-	4,795.83	-	393,584.20
Sewerplant Reserve Fund					-
Lot Levy Reserve Fund	84,395.61	1,034.11	-	-	85,429.72
Development Charges Reserve Fund	17,316.83	212.19	-	-	17,529.02
Waterworks Reserve Fund	87,716.40	1,090.60	3,946.13	-	92,753.13
Municipal Property / Parkland Reserve Fund	111,313.64	1,598.75	10,025.00	(10,440.04)	112,497.35
Parking Reserve Fund	379,541.95	5,135.42	-	(102,682.17)	281,995.20
Sewer Development Reserve Fund	84,401.82	1,049.98	3,946.12	-	89,397.92
Waubuno Reserve Fund	-	76.62	-	(76.62)	-
Pool Trust Reserve Fund	43,588.57	534.09	-	-	44,122.66
EMS Severance Reserve Fund	529,735.32	6,490.92	-	-	536,226.24
Fire Training Reserve Fund	7,435.77	36.40	-	-	7,472.17
West Parry Sound Association Reserve Fund	1,382.60	16.94	-	-	1,399.54
EMS Surplus Reserve Fund	883,058.66	8,684.22	197,796.91	-	1,089,539.79
EMS Equipment / Capital Reserve Fund	863,555.44	10,640.22	357,138.68	(417,684.84)	813,649.50
Smelter Wharf	254,604.60	2,669.85	32,393.14	-	289,667.59
Bobby Orr Hall of Fame Reserve Fund	140,204.95	1,717.94	-	-	141,922.89
Treetops Reserve Fund	-	29.38	31,919.75	-	31,949.13
Public Transit Gas Tax Reserve Fund	77,435.06	955.23	38,017.00	(90,534.09)	25,873.20
Total	\$ 6,570,049.57	\$ 73,945.08	\$ 679,978.56	\$ (1,203,213.59)	\$ 6,120,759.62



Projected Balance of Reserve Funds at December 31, 2016

The following table shows the projected ending balance, as at June 6, 2016, of the reserve funds based on the 2016 budget and any subsequent resolutions of Council.

Reserve Fund	Opening Balance - January 1, 2016	Interest Earned	Transfer In	Transfers Out	Ending Balance - December 31, 2016
Capital Asset Legacy Reserve Fund	\$ 2,065,750.37	\$ 2,500.00	\$ -	\$ (1,000,000.00)	\$ 1,068,250.37
Capital Replacement Reserve Fund	393,584.20	500.00	-	-	394,084.20
Lot Levy Reserve Fund	85,429.72	-	-	-	85,429.72
Development Charges Reserve Fund	17,529.02	225.00	-	-	17,754.02
Waterworks Reserve Fund	92,753.13	650.00	-	-	93,403.13
Municipal Property / Parkland Reserve Fund	112,497.35	-	-	-	112,497.35
Parking Reserve Fund	281,995.20	4,000.00	-	(137,725.00)	148,270.20
Sewer Development Reserve Fund	89,397.92	600.00	-	-	89,997.92
Pool Trust Reserve Fund	44,122.66	380.00	-	-	44,502.66
EMS Severance Reserve Fund	536,226.24	5,500.00	-	-	541,726.24
Fire Training Reserve Fund	7,472.17	70.00	-	-	7,542.17
West Parry Sound Association Reserve Fund	1,399.54	-	-	-	1,399.54
EMS Surplus Reserve Fund	1,089,539.79	9,100.00	12,892.00	-	1,111,531.79
EMS Equipment / Capital Reserve Fund	813,649.50	3,900.00	331,922.00	(371,000.00)	778,471.50
Smelter Wharf	289,667.59	1,900.00	28,555.00	-	320,122.59
Bobby Orr Hall of Fame Reserve Fund	141,922.89	1,500.00	-	-	143,422.89
Treetops Reserve Fund	31,949.13	-	-	-	31,949.13
Public Transit Gas Tax Reserve Fund	25,873.20	-	-	-	25,873.20
Total	\$ 6,120,759.62	\$ 30,825.00	\$ 373,369.00	\$ (1,508,725.00)	\$ 5,016,228.62