



## **2018 Reserve and Reserve Fund Annual Report**

The Town adopted a Reserve and Reserve Fund Policy in August 2014. The Policy requires that the Treasurer for the Town prepare an annual report with a continuity schedule for the reserves and reserve funds.

### **Reserves**

Reserves are allocations of accumulated net revenue at the discretion of council as part of an overall strategy for funding programs or projects. They are often used to mitigate the impact of fluctuation in operating expenses and revenues. Reserves are not associated with any specific asset, and do not require the physical segregation of money. The interest earned on reserves is allocated to general operating revenues.

#### **Reserve Balances at 2018 Year End**

As at December 31, 2018, the total balance of the Town's 27 reserves was \$15,408,599., compared to \$12,667,025 at the end of 2017. These reserves include:

- 6 reserves established for the replacement of capital assets with a total balance of \$1,926,961 (2017 - \$1,846,033);
- 2 reserves established to provide working capital and tax rate stabilization with a total balance of \$3,268,316) (2017 - \$2,234,728);
- 2 reserves established for the water and wastewater system with a total balance of \$8,474,711 (2017 - \$7,101,633); and
- 17 reserves established for funding operational requirements with a total balance of (\$1,738,611) (2017 - \$1,484,630).

During 2018, Council established the Splashpad Reserve Fund by transferring \$40,000 to the fund with resolution 2018-0191. Table 1 summarizes opening balances, transactions and ending balances of these reserves in 2018.

**Table 1 - 2018 Year End Reserve Balances**

Item	Opening Balance Jan 1, 2018	Transfers In	Transfers Out	Year End Surplus Allocation	Ending Balance Dec 31, 2018
Infrastructure Replacement	553,179	72,436	(152,292)	-	473,323
Equipment Replacement	229,115	278,006	(256,723)	-	250,398
Building	342,243	120,600	(79,452)	-	383,391
IT Replacement	61,595	78,000	(28,431)	-	111,164
Fleet	583,060	439,114	(513,489)	-	508,685
Emergency Capital Asset Replacement	76,843	28,569	(1,106)	95,694	200,000
Tax Rate Stabilization	796,986	221,057	(46,275)	40,393	1,012,162
Municipal Elections	15,000	-	(15,000)	-	-
PS Power Promissory Note	72,436	-	(72,436)	-	-
WSIB Reserve	125,734	-	(1,106)	177,272	301,900
Façade Improvement Program	31,977	40,000	(20,294)	-	51,683
LACAC*Directory	7,627	15	-	-	7,642
Waste Management	232,562	1,363	-	-	233,925
Industrial Park	30,410	-	-	-	30,410
Economic Development	41,459	-	-	-	41,459
Planning Legal	20,000	-	-	-	20,000
Health Unit Capital	14,428	-	-	-	14,428
Emergency Services	59,013	-	(16,078)	-	42,935
Police Cost Stabilization	37,723	83,596	(8)	-	121,311
Stockey Centre	199,249	47,626	(95,061)	-	151,814

Cemetery and Columbaria	37,745	-	-	-	37,745
Parks	216,368	37,000	-	10,000	263,368
General Working Capital	1,437,741	-	-	818,413	2,256,154
Salt Management	18,000	-	-	-	18,000
Winter Control	324,900	77,091	-	-	401,990
Wastewater Stabilization	2,631,109	895,106	(159,891)	-	3,366,323
Water Stabilization	4,470,524	880,913	(243,049)	-	5,108,388
<b>Total</b>	<b>12,667,026</b>	<b>3,300,492</b>	<b>(1,700,690)</b>	<b>1,141,771</b>	<b>15,408,599</b>

### Projected Balanced at 2019 Year End

The following Table 2 shows the projected reserve balances at the end of 2019, considering the contributions and withdrawals in the 2019 budget and subsequent Council resolutions.

The projected balance has increased from the 2018 surplus allocation and was impacted by any deferred projects from 2018.

**Table 2 – Projected 2019 Year End Reserve Balances**

Item	Ending Balance Dec 31, 2018	Transfers In	Transfers Out	Ending Balance Dec 31, 2019
Infrastructure Replacement	473,323	-	(12,688)	460,635
Equipment Replacement	250,398	263,594	(346,534)	167,458
Building	383,391	-	(57,000)	326,391
IT Replacement	111,164	55,000	(37,549)	128,615
Fleet	508,685	499,900	(784,300)	224,285
Emergency Capital Asset Replacement	200,000	-	(16,000)	184,000
Tax Rate Stabilization	1,012,162	1,461	(122,518)	891,105
Municipal Elections	0	5000	-	5,000
WSIB Reserve	301,900	-	-	301,900
Façade Improvement Program	51,683	40,000	-	91,683

LACAC*Directory	7,642	-	-	7,642
Waste Management	233,925	-	-	233,925
Industrial Park	30,410	-	-	30,410
Economic Development	41,459	-	-	41,459
Planning Legal	20,000	-	-	20,000
Health Unit Capital	14,428	-	-	14,428
Emergency Services	42,935	-	-	42,935
Police Cost Stabilization	121,311	-	-	121,311
Stockey Centre	151,814	48,875	(36,500)	164,189
Cemetery and Columbaria	37,745	-	-	37,745
Parks	263,368	-	(65,000)	198,368
General Working Capital	2,256,154	-	-	2,256,154
Salt Management	18,000	-	-	18,000
Winter Control	401,990	-	-	401,990
Wastewater Stabilization	3,366,323	1,447,300	(2,457,110)	2,356,513
Water Stabilization	5,108,388	1,351,000	(1,412,542)	5,046,846
<b>Total</b>	<b>15,408,599</b>	<b>3,699,255</b>	<b>(5,347,741)</b>	<b>13,772,987</b>

## Reserve Funds

Reserve funds are segregated and restricted to meet specific purposes. They are monies set aside either by a By-law of a municipality (*discretionary reserve fund*) or by the requirement of provincial legislation (*obligatory reserve fund*). Interest earned by a reserve fund must be allocated to the specific reserve fund.

## Reserve Fund Balances at 2018 Year End

As at December 31, 2018, the total balance of the Town's 22 reserve funds was \$4,589,095, compared to \$5,036,527 at the end of 2017. The year over year decrease was mainly attributable to property purchases by the Town. [Table 3](#) summarizes opening balances, transactions and ending balances of the reserve funds in 2018.

**Table 3 - 2018 Year End Reserve Fund Balances**

Reserve Fund	Opening Balance Jan 1, 2018	Interest	Transfers In	Transfers Out	Ending Balance Dec 31, 2018
Association of WPS Municipalities	1,432	28	-	-	1,460
Bobby Orr Hall of Fame	145,440	3,975	10,000	(22,000)	137,415
Bobby Orr Hall of Fame Scholarship	-	-	20,000	(2,000)	18,000
Bobby Orr Hall of Fame Special Projects	263,213	5,463	11,066	(25,000)	254,742
Capital Asset Legacy	1,241,423	6,557	120,234	(433,512)	934,701
Capital Replacement	263,503	7,670	489,331	(3,317)	757,187
Development Charges/Lot Levy	105,330	2,171	-	-	107,501
EMS Equipment/Capital	220,242	6,752	390,804	(428,008)	189,790
Federal Gas Tax	287,163	-	-	(287,163)	-
Fire Training Facility	7,643	149	-	(7,792)	-
Future Pool	45,140	942	-	(22)	46,060
Land Ambulance Severance	547,934	10,693	-	-	558,627
Land Ambulance Surplus	1,010,816	20,070	-	(412,236)	618,650
Main Street Revitalization	-	335	43,314	-	43,650
Municipal Parking	137,144	3,028	-	(19,630)	120,542
Property/Parkland	125,720	7,302	-	(40,000)	93,022
Public Transit (Provincial Gas Tax)	42,076	768	8,123	-	50,967
Sewer Development	105,996	2,262	13,680	-	121,938

Smelter Wharf	367,619	7,170	75,000	(83,112)	366,676
Splash Pad	-	765	40,000	-	40,765
Treetops	9,111	180	-	(7,484)	1,807
Water Development	109,583	2,332	13,680	-	125,596
	<b>5,036,527</b>	<b>88,613</b>	<b>1,235,231</b>	<b>(1,771,277)</b>	<b>4,589,095</b>

### Projected Balance at 2019 Year End

The following Table 4 shows the projected reserve fund balances at the end of 2019 considering the contributions and withdrawals in the 2019 budget and subsequent Council resolutions. The total balance of the reserve funds is expected to be slightly above what was projected at budget time with a top up to federal gas tax funding of \$394,398 for a total of \$783,168. \$50,000 was originally budgeted to be transferred from reserve for a development charges study but, with changes expected to legislation, deferral to 2020 is expected.

**Table 4 – Projected 2019 Year End Reserve Fund Balances**

Reserve Fund	Opening Balance Jan 1, 2019	Interest	Transfers In	Transfers Out	Ending Balance Dec 31, 2019
Association of WPS Municipalities	1,460	34	-	-	1,494
Bobby Orr Hall of Fame	137,415	3,069	-	-	140,484
Bobby Orr Hall of Fame Scholarship	18,000	415	-	(2,000)	16,415
Bobby Orr Hall of Fame Special Projects	254,742	6,405	-	(62,000)	199,147
Capital Asset Legacy	934,701	9,370	120,235	-	1,064,306
Capital Replacement	757,187	6,530	-	-	763,717
Development Charges/Lot Levy	107,501	2,570	-	-	110,071
EMS Equipment/Capital	189,790	16,910	464,400	(525,000)	146,100
Federal Gas Tax	0	11,140	783,168	(281,662)	512,646
Future Pool	46,060	1,110	50,000	-	97,170

Land Ambulance Severance	558,627	12,729	-	-	571,356
Land Ambulance Surplus	618,650	22,078	309,357	-	950,085
Main Street Revitalization	43,650	335	-	(43,985)	-
Municipal Parking	120,542	3,735	-	(6,000)	118,277
Property/Parkland	93,022	2,235	-	-	95,257
Public Transit (Provincial Gas Tax)	50,967	500	-	-	51,467
Sewer Development	121,938	2,920	-	-	124,858
Smelter Wharf	366,676	7,170	38,909	-	412,755
Splash Pad	40,765	982	2,500	-	44,247
Treetops	1,807	42	-	-	1,849
Water Development	125,596	3,005	-	-	128,601
	<b>4,589,095</b>	<b>88,613</b>	<b>1,766,069</b>	<b>(920,647)</b>	<b>5,550,302</b>

## Closure of Reserve and Reserve Funds

The following reserves/reserve funds have accomplished their purposes and were closed in 2018 with Council Approval:

- PS Power Promissory Note Reserve: The Town does not hold PS Power promissory notes after the Parry Sound Hydro Corporation merger. With a balance of \$72,436, the reserve has no activity since then. The 2018 budget included a transfer of this balance to the Infrastructure Replacement Reserve.
- Fire Training Reserve Fund: The 2018 budget included a contribution of this balance to the area fire training facility.