



THE CORPORATION OF THE TOWN OF PARRY SOUND
RESOLUTION IN COUNCIL

NO. 2024 – 159

DIVISION LIST

YES NO

DATE: October 15, 2024

Councillor **G. ASHFORD**
Councillor **J. BELESKEY**
Councillor **P. BORNEMAN**
Councillor **B. KEITH**
Councillor **D. McCANN**
Councillor **C. McDONALD**
Mayor **J. McGARVEY**

MOVED BY:

_____ GA,

SECONDED BY:

_____ B. Keith

CARRIED: ✓ DEFEATED: _____ Postponed to: _____

That Council receives the 2023 Reserve and Reserve Fund Annual Report, attached as Schedule A, in compliance with the Town's Reserve and Reserve Fund Policy; and

That Council hereby approves the allocation of the remaining surplus as identified in Schedule B.

Mayor Jamie McGarvey



2023 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. Reserves do not earn interest.

Reserve Balances at 2023 Year End

As at December 31, 2023, the total balance of the Town's 37 reserves was \$31,130,766, compared to \$28,627,356 at the end of 2022. These reserves include:

- 12 reserves established for the replacement of capital assets with a total balance of \$5,894,262 (2022 - \$7,042,784);
- 2 reserves established to provide working capital and tax rate stabilization with a total balance of \$5,320,023 (2022 - \$4,359,111);
- 3 reserves established for the water and wastewater system with a total balance of \$16,983,084 (2022 - \$15,130,097); and
- 20 reserves established for funding operational requirements with a total balance of \$2,933,397 (2022 - \$2,095,364).

A new reserve titled the Climate Action Reserve has been recommended for approval through the annual surplus allocation in response to Council's Resolution 2023-133 approving the Climate Action Plan. The creation of a reserve per Action 9.1.

Table 1 summarizes opening balances, transactions and ending balances of all the Town's reserves.

Table 1 - 2023 Year End Reserve Balances

| Item | Opening Balance Jan 1, 2023 | Transfers In | Transfers Out | Year End Surplus Allocation | Ending Balance Dec 31, 2023 |
|--|-----------------------------------|--------------|---------------|-----------------------------------|-----------------------------------|
| Big Sound Marina | - | - | - | - | - |
| Building | 758,893 | 146,460 | (14,754.27) | - | 890,599 |
| Cemetery and Columbaria | 25,468 | - | (24,733.02) | - | 735 |
| Climate Action | - | - | - | 500,000 | 500,000 |
| Covid-19 Funding | - | - | - | - | - |
| Economic Development | 158,087 | - | - | - | 158,087 |
| Emergency Capital Asset Replacement | 200,000 | - | - | - | 200,000 |
| Emergency Services | 42,935 | - | - | - | 42,935 |
| Equipment Replacement | 586,622 | 220,414 | (86,754) | - | 720,282 |
| Façade Improvement Program | 118,084 | 40,000 | - | - | 158,084 |
| Fleet | 1,574,967 | 737,824 | (177,619) | - | 2,135,172 |
| Founders Circle | 27,095 | - | (26,595) | - | 500 |
| General Working Capital | 3,250,437 | 454,324 | (200,000) | 706,588 | 4,211,349 |
| Health Unit Capital | 14,428 | - | - | - | 14,428 |
| Health Unit Cost Stabilization | 29,514 | - | - | - | 29,514 |
| Industrial Park | 30,410 | - | - | - | 30,410 |
| Infrastructure Replacement | 844,129 | 137,987 | (63,433) | - | 918,683 |
| IT Replacement | 123,797 | 81,835 | (44,948) | - | 160,684 |

| | | | | | |
|------------------------------|---------------------|--------------------|----------------------|--------------------|-------------------|
| LACAC*Directory | 7,667 | 12 | - | - | 7,679 |
| Legal-Insurance Claim | 142,165 | 251,757 | (180,482) | - | 213,440 |
| Long-term Care | 61,684 | - | - | - | 61,684 |
| Modernization Funding | 345,280 | - | (73,140) | - | 272,140 |
| Municipal Elections | 4,255 | 5,000 | - | - | 9,255 |
| Parks | 456,920 | 15,000 | - | - | 471,920 |
| Planning Legal | 20,000 | - | - | - | 20,000 |
| Police Cost Stabilization | 197,459 | 16,293 | - | - | 213,752 |
| Pool – Town Only | 2,271,618 | 100,000 | (2,218,219) | - | 153,399 |
| Salt Management | 18,000 | - | - | - | 18,000 |
| Stockey Centre | 185,942 | 98,308 | (55,889) | - | 228,361 |
| Storm Water Management | 100,000 | - | - | - | 100,000 |
| Tax Rate Stabilization | 1,108,674 | - | - | - | 1,108,674 |
| W and WW Service Fee Reserve | 440,269 | 220,990 | - | - | 661,259 |
| Waste Management | 239,991 | 1,583 | - | - | 241,574 |
| Wastewater Stabilization | 6,571,690 | 1,792,972 | (822,866) | - | 7,541,796 |
| Water Stabilization | 8,118,139 | 1,200,126 | (538,236) | - | 8,780,029 |
| Winter Control | 512,536 | 303,605 | - | - | 816,141 |
| WSIB Reserve | 40,200 | - | - | - | 40,200 |
| Total | \$28,627,356 | \$4,885,540 | \$(2,371,252) | \$1,206,588 | 31,130,765 |

Projected Balanced at 2024 Year End

The following Table 2 shows the projected reserve balances at the end of 2024, considering the contributions and withdrawals in the 2024 budget and subsequent Council resolutions.

Table 2 – Projected 2024 Year End Reserve Balances

| Item | Opening Balance Jan 1, 2024 | Budgeted 2024 Activity | Other Estimated Transfers | Ending Balance Dec 31, 2024 |
|-------------------------------------|--|-----------------------------------|--------------------------------------|--|
| Big Sound Marina | - | - | - | - |
| Building | 890,599 | (259,540) | - | 631,059 |
| Cemetery and Columbaria | 735 | - | - | 735 |
| Climate Action | 500,000 | - | - | 500,000 |
| Covid-19 Funding | - | - | - | - |
| Economic Development | 158,087 | (10,000) | - | 148,087 |
| Emergency Capital Asset Replacement | 200,000 | - | - | 200,000 |
| Emergency Services | 42,935 | - | - | 42,935 |
| Equipment Replacement | 720,282 | (208,920) | - | 511,362 |
| Façade Improvement Program | 158,084 | 60,000 | (47,000) | 171,084 |
| Fleet | 2,135,172 | (379,732) | - | 1,755,440 |
| Founders Circle | 500 | - | - | 500 |
| General Working Capital | 4,211,349 | (206,000) | - | 4,005,349 |
| Health Unit Capital | 14,428 | - | - | 14,428 |
| Health Unit Cost Stabilization | 29,514 | - | - | 29,514 |
| Industrial Park | 30,410 | - | - | 30,410 |
| Infrastructure Replacement | 918,683 | (160,000) | - | 758,683 |
| IT Replacement | 160,684 | (22,835) | - | 137,849 |
| LACAC*Directory | 7,679 | - | - | 7,679 |
| Legal-Insurance Claim | 213,440 | - | - | 213,440 |
| Long-term Care | 61,684 | - | - | 61,684 |
| Modernization Funding | 272,140 | (164,000) | - | 108,140 |
| Municipal Elections | 9,255 | 5,000 | - | 14,255 |
| Parks | 471,920 | (269,080) | - | 202,840 |
| Planning Legal | 20,000 | - | - | 20,000 |

| | | | | |
|------------------------------|----------------------|-----------------------|------------------|---------------------|
| Police Cost Stabilization | 213,752 | - | - | 213,752 |
| Pool – Town Only | 153,399 | 125,000 | - | 278,399 |
| Salt Management | 18,000 | (18,000) | - | - |
| Stockey Centre | 228,361 | (60,400) | - | 167,961 |
| Storm Water Management | 100,000 | - | - | 100,000 |
| Tax Rate Stabilization | 1,108,674 | (4,557) | - | 1,104,117 |
| W and WW Service Fee Reserve | 661,259 | - | 80,000 | 741,259 |
| Waste Management | 241,574 | - | - | 241,574 |
| Wastewater Stabilization | 7,541,796 | (3,179,974) | - | 4,361,822 |
| Water Stabilization | 8,780,029 | (627,199) | - | 8,152,830 |
| Winter Control | 816,141 | - | - | 816,141 |
| WSIB Reserve | 40,200 | - | - | 40,200 |
| Total | \$ 31,130,765 | \$ (5,380,237) | \$ 33,000 | \$25,783,528 |

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 2023 Year End

As at December 31, 2023, the total balance of the Town's 26 reserve funds was \$12,065,788, compared to \$9,864,862 at the end of 2022. Table 3 summarizes opening balances, transactions and ending balances of the reserve funds in 2023.

Table 3 - 2023 Year End Reserve Fund Balances

| Reserve Fund | Opening Balance Jan 1, 2023 | Interest | Transfers In | Transfers Out | Ending Balance Dec 31, 2023 |
|---|--|-----------------|-------------------------|--------------------------|--|
| Association of WPS Municipalities | 1,558 | 84 | - | - | 1,642 |
| Bobby Orr Hall of Fame Scholarship | 16,734 | 901 | - | - | 17,635 |
| Bobby Orr Hall of Fame Special Projects | 238,501 | 27,259 | 1,662 | -59,626 | 207,796 |
| Capital Asset Legacy | 1,115,768 | 75,920 | 577,087 | - | 1,768,775 |
| Capital Replacement | 3,907,497 | 166,257 | 853,026 | -33,810 | 4,892,969 |
| Development Charges/Lot Levy | - | - | - | - | - |
| DC Services Related to a Highway | - | - | - | - | - |
| DC Fire Protection Services | - | - | - | - | - |
| DC Parks and Recreation Services | - | - | - | - | - |
| DC Provincial Offences Act and Bylaw | - | - | - | - | - |
| DC Ambulance Services | - | - | - | - | - |
| DC Library Services | - | - | - | - | - |
| EMS Equipment/Capital | 147,745 | 88,007 | 472,135 | -297,814 | 410,073 |
| Federal Gas Tax | 1,122,158 | 58,868 | 424,134 | -713,934 | 891,226 |
| Future Pool | 43,241 | 3,077 | - | - | 46,318 |
| Land Ambulance Severance | 596,352 | 32,106 | - | - | 628,458 |
| Land Ambulance Surplus | 1,176,658 | 46,476 | - | -57,396 | 1,165,738 |
| Municipal Parking | 175,087 | 6,611 | - | - | 181,698 |
| Property/Parkland | 125,513 | 9,764 | 5,990 | -25 | 141,242 |
| Provincial Gas Tax (Public Transit) | 276,361 | 21,630 | 57,624 | -30,630 | 324,985 |
| Sewer Development | 167,420 | 8,044 | - | - | 175,464 |
| Smelter Wharf | 534,828 | 26,121 | 75,000 | -38,019 | 597,930 |
| Splashpad | 46,031 | 2,479 | - | - | 48,510 |
| Treetops | 2,305 | 117 | - | - | 2,422 |

| | | | | | |
|---|--------------------|------------------|--------------------|---------------------|---------------------|
| Water Development | 171,105 | 8,245 | - | - | 179,350 |
| West Parry Sound Recreation and Cultural Centre Donations | - | 1,416 | 57,035 | -4,579 | 53,872 |
| Total | \$9,864,862 | \$616,238 | \$2,582,390 | -\$1,300,040 | \$11,736,103 |

Projected Balance at 2024 Year End

The following Table 4 shows the projected reserve fund balances at the end of 2024 considering the contributions and withdrawals in the 2024 budget and subsequent Council resolutions.

Table 4 – Projected 2024 Year End Reserve Fund Balances

| Reserve Fund | Opening Balance Jan 1, 2024 | Budgeted 2024 Activity | Other Estimated Transfers | Ending Balance Dec 31, 2024 |
|---|------------------------------------|-------------------------------|----------------------------------|------------------------------------|
| Association of WPS Municipalities | 1,642 | 80 | - | 1,722 |
| Bobby Orr Hall of Fame Scholarship | 17,635 | (2,000) | - | 15,635 |
| Bobby Orr Hall of Fame Special Projects | 207,796 | (16,000) | - | 191,796 |
| Capital Asset Legacy | 1,768,775 | 113,200 | - | 1,881,975 |
| Capital Replacement | 4,892,969 | (1,475,862) | (156,250) | 3,260,857 |
| Development Charges/Lot Levy | - | 250 | (250) | - |
| DC Services Related to a Highway | - | - | 295,549 | 295,549 |
| DC Fire Protection Services | - | - | 6,344 | 6,344 |
| DC Parks and Recreation Services | - | - | 12,687 | 12,687 |
| DC Provincial Offences Act and Bylaw | - | - | 64 | 64 |
| DC Ambulance Services | - | - | 2,537 | 2,537 |
| DC Library Services | - | - | 11,419 | 11,419 |
| EMS Equipment/Capital | 410,073 | (162,803) | - | 247,270 |
| Federal Gas Tax | 891,226 | (517,447) | - | 373,779 |
| Future Pool | 46,318 | 2,800 | - | 49,118 |

| | | | | |
|---|---------------------|-----------------------|------------------|--------------------|
| Land Ambulance Severance | 628,458 | 40,000 | - | 668,458 |
| Land Ambulance Surplus | 1,165,738 | 40,000 | - | 1,205,738 |
| Municipal Parking | 181,698 | 5,000 | - | 186,698 |
| Property/Parkland | 141,242 | 9,000 | - | 150,242 |
| Provincial Gas Tax (Public Transit) | 324,985 | (7,500) | (156,804) | 160,681 |
| Sewer Development | 175,464 | 1,690 | - | 177,154 |
| Smelter Wharf | 597,930 | 62,717 | - | 660,647 |
| Splashpad | 48,510 | 942 | - | 49,452 |
| Treetops | 2,422 | 115 | - | 2,537 |
| Water Development | 179,350 | 1,730 | - | 181,080 |
| West Parry Sound Recreation and Cultural Centre Donations | 53,872 | - | - | 53,872 |
| Total | \$11,736,103 | \$ (1,904,088) | \$ 15,296 | \$9,847,311 |



Attachment #2
Town of Parry Sound
Determination of Tax Levy Surplus
December 31, 2023

| | 2023 Actual | Comments |
|---|-------------------|--|
| Updated for 2023 Info | | |
| Total Net Levy | \$ (3,952,695) | All 300 - 400 series accounts (Revenue less Expenses) *EXCLUDES DBA & Library |
| Adjustments | | |
| Remove Amortization Expense | -5,522,783 | -5,531,373 Remove amortization, as levy uses cash flow |
| Adjusted Operating | \$ (9,484,068) | |
| Capital Budgets Total Cost | | |
| Administration/IT | \$ 164,906.95 | |
| Financial and POA Court Services | - | |
| Protective Services | - | |
| Fire Services | 71,340.97 | |
| Land Ambulance (EMS) | 214,841.60 | |
| Operations | 862,851.45 | |
| Leases | (307,190.38) | less one time equipment purchases |
| Water and Wastewater | 332,669.92 | |
| Leases | (129,806.47) | less one time equipment purchases |
| Development and Leisure Services | 496,061.55 | |
| Leases | (184,818.77) | less one time equipment purchases |
| Stockey Centre and Bobby Orr Hall of Fame | 780,582.98 | |
| | 2,301,439.80 | 2,301,439.80 Total capital additions |
| Capital Costs in Work in Progress (Not Yet Funded) | | |
| Change to WIP in 2023 | \$ 1,683,788.41 | 1,683,788.41 |
| Transfers from Reserves and Reserve Funds | | |
| From Reserve | \$ (4,527,668.88) | 01-270-3002-00805 |
| From Reserve Funds | (491,245.73) | 01-270-3002-00801 |
| | (5,018,914.61) | (5,018,914.61) |
| Transfers to Reserves and Reserve Funds | | |
| To Reserve | 5,824,491.15 | 01-270-3001-00805 |
| To Reserve Funds | 1,377,881.91 | 01-270-3001-00801 |
| | 7,202,373.06 | 7,202,373.06 |
| Principal Payments on Long-Term Debt | | |
| Big Sound Marinal, BOCC Roof and Downtown Public Washroom | \$ 28,602.80 | |
| BOCC | 117,500.00 | |
| Forrest St, Hillcrest Drive, College Drive (2016) | 106,666.66 | |
| Gibson Street Project | 57,500.40 | |
| McDougall Water Tower System | 100,000.00 | |
| Municipal Office & WW Frmn | 100,000.00 | |
| Riverdale Road Project | 35,000.00 | |
| Stockey Centre Roof (new in 2020) | 30,205.10 | |
| BOCC Ice Pad (new in 2020) | 20,213.34 | |



Attachment #2
Town of Parry Sound
Determination of Tax Levy Surplus
December 31, 2023

| | 2023 Actual | Comments |
|---|----------------------------|---------------|
| Wastewater Plant | 125,000.00 | |
| William St & Emily St | 99,260.53 | |
| Macklaim Dennis | 29,629.17 | |
| Waubeeek/Isabella | 120,901.26 | |
| | - 970,479.26 | |
| Vehicle Lease Principal Payments | 80,518.36 | |
| | \$ (2,264,383.51) | |
| Change in Unfinanced Capital | | |
| Less unfinanced capital (pumpstation 2) | \$ (90,909.65) (90,909.65) | Pumpstation 2 |
| Deficit (Surplus) | \$ (2,355,293.16) | |

Proposed Recommendation for Allocation of Operating Surplus

| Reserve Name | Balance Before Surplus | Target Upper Limit | Max Contribution Per Policy | Surplus Allocation |
|---|------------------------|--------------------|---|----------------------------------|
| Tax Rate Stabilization Reserve | \$ 1,108,674.40 | \$ 1,271,780.80 | 30% | Meets Lower Limit of 5% tax levy |
| Capital Replacement Reserve Fund | \$ 4,254,002.60 | \$ 12,409,733.80 | 30% | \$ (706,587.95) |
| Emergency Capital Asset Replacement Reserve | \$ 200,000.00 | \$ 200,000.00 | 10% | Meets Target |
| General Working Reserve | \$ 1,204,760.30 | \$ 3,179,452.00 | 30% | \$ (706,587.95) |
| Other: | | | | \$ - |
| Capital Asset Legacy Reserve Fund | \$ 1,326,656.40 | n/a | funds purchase of properties or other initiatives | \$ (442,117.26) |
| Climate Action Reserve | \$ - | n/a | New * Corporate Climate Action Plan | \$ (500,000.00) |
| | | | 100% | \$ (2,355,293.16) |
| | | | | \$ 2,355,293.16 |