



THE CORPORATION OF THE TOWN OF PARRY SOUND  
RESOLUTION IN COUNCIL

NO. 2023 – 147

DIVISION LIST

YES NO

DATE: October 3, 2023

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

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MOVED BY:



SECONDED BY:



CARRIED: ✓ DEFEATED: \_\_\_\_\_ Postponed to: \_\_\_\_\_

That Council receives the 2022 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



## **2022 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 2022 Year End**

As at December 31, 2022, the total balance of the Town's 36 reserves was \$28,627,356, compared to \$25,044,269 at the end of 2021. These reserves include:

- 12 reserves established for the replacement of capital assets with a total balance of \$7,042,784 (2021 - \$5,144,953);
- 2 reserves established to provide working capital and tax rate stabilization with a total balance of \$4,359,111 (2021 - \$4,952,816);
- 3 reserves established for the water and wastewater system with a total balance of \$15,130,097 (2021 - \$12,461,723); and
- 19 reserves established for funding operational requirements with a total balance of \$2,095,364 (2021 - \$2,484,779).

During 2022, Council established the Water and Wastewater Capacity Reserve as well as new Water and Sewer Servicing Fees to assist with funding capital projects that will create capacity for new development. Table 1 summarizes opening balances, transactions and ending balances of all the Town's reserves.

**Table 1 - 2022 Year End Reserve Balances**

<b>Item</b>	<b>Opening Balance Jan 1, 2022</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Year End Surplus Allocation</b>	<b>Ending Balance Dec 31, 2022</b>
Big Sound Marina	-	-	-	-	-
Building	625,408	141,460	(7,975)	-	758,893
Cemetery and Columbaria	25,468	-	-	-	25,468
Covid-19 Funding	172,727	-	(172,727)	-	0
Economic Development	166,146	-	(8,058)	-	158,087
Emergency Capital Asset Replacement	200,000	-	-	-	200,000
Emergency Services	42,935	-	-	-	42,935
Equipment Replacement	493,317	215,534	(122,229)	-	586,622
Façade Improvement Program	100,580	40,000	(22,496)	-	118,084
Fleet	1,009,577	645,888	(80,498)	-	1,574,967
Founders Circle	20,095	22,000	(15,000)	-	27,095
General Working Capital	3,814,894	-	(564,457)	-	3,250,437
Health Unit Capital	14,428	-	-	-	14,428
Health Unit Cost Stabilization	29,514	-	-	-	29,514
Industrial Park	30,410	-	-	-	30,410
Infrastructure Replacement	745,435	137,987	(39,292)	-	844,129
IT Replacement	183,619	84,000	(143,822)	-	123,797
LACAC*Directory	7,667	-	-	-	7,667
Legal-Insurance Claim	200,000	-	(171,934)	114,099	142,165
Long-term Care	61,684	-	-	-	61,684

Modernization Funding	577,428	-	(232,148)	-	345,280
Municipal Elections	15,000	5,000	(15,745)	-	4,255
Parks	448,368	65,600	(57,048)	-	456,920
Planning Legal	20,000	-	-	-	20,000
Police Cost Stabilization	203,697	-	(6,238)	-	197,459
Pool – Town Only	1,241,919	75,000	-	954,699	2,271,618
Salt Management	18,000	-	-	-	18,000
Stockey Centre	157,414	28,528	-	-	185,942
Storm Water Management	100,000	-	-	-	100,000
Tax Rate Stabilization	1,137,921	-	(29,247)	-	1,108,674
W and WW Capacity Reserve	-	440,269	-	-	440,269
Waste Management	238,332	1,659	-	-	239,991
Wastewater Stabilization	5,358,146	1,744,102	(530,558)	-	6,571,690
Water Stabilization	7,103,577	1,166,340	(151,778)	-	8,118,139
Winter Control	440,363	72,173	-	-	512,536
WSIB Reserve	40,200	-	-	-	40,200
<b>Total</b>	<b>\$ 25,044,269</b>	<b>\$4,885,540</b>	<b>\$(2,371,252)</b>	<b>\$1,068,798</b>	<b>\$28,627,356</b>

### Projected Balanced at 2023 Year End

The following Table 2 shows the projected reserve balances at the end of 2023, considering the contributions and withdrawals in the 2023 budget and subsequent Council resolutions.

**Table 2 – Projected 2023 Year End Reserve Balances**

Item	Opening Balance Jan 1, 2023	Budgeted 2023 Activity	Other Estimated Transfers	Ending Balance Dec 31, 2023
Big Sound Marina	-	-	-	-
Building	758,893	(81,540)	-	677,353

Cemetery and Columbaria	25,468	(25,000)	-	468
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	(491,495)	-	95,127
Façade Improvement Program	118,084	40,000	-	158,084
Fleet	1,574,967	430,627	(18,000)	1,987,594
Founders Circle	27,095	-	(26,595)	500
General Working Capital	3,250,437	(401,000)	454,324	3,303,760
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	(122,013)	-	722,116
IT Replacement	123,797	(130,000)	-	(6,203)
LACAC*Directory	7,667	-	-	7,667
Legal Insurance Claim Reserve	142,165	200,000	-	342,166
Long-term Care Reserve	61,684	-	-	61,684
Modernization Funding	345,280	(555,500)	-	(210,220)
Municipal Elections	4,255	5,000	-	9,255
Parks	456,920	(256,880)	(2,609)	197,431
Planning Legal	20,000	-	-	20,000
Police Cost Stabilization	197,459	-	-	197,459
Pool Town Only	2,271,618	(900,000)	(1,371,618)	-
Salt Management	18,000	-	-	18,000
Stockey Centre	185,942	(22,163)	-	163,779
Storm Water Management	100,000	-	-	100,000

Tax Rate Stabilization	1,108,674	-	-	1,108,674
W and WW Capacity Reserve	440,269	110,067	-	550,336
Waste Management	239,991	-	-	239,991
Wastewater Stabilization	6,571,690	(2,098,625)	-	4,473,065
Water Stabilization	8,118,139	191,090	-	8,309,229
Winter Control	512,536	-	-	512,536
WSIB Reserve	40,200	-	-	40,200
<b>Total</b>	<b>\$ 28,627,356</b>	<b>\$ (4,107,432)</b>	<b>\$ (964,498)</b>	<b>\$ 23,555,425</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 2022 Year End

As at December 31, 2022, the total balance of the Town's 19 reserve funds was \$9,864,862, compared to \$9,099,246 at the end of 2021. [Table 3](#) summarizes opening balances, transactions and ending balances of the reserve funds in 2022.

**Table 3 - 2022 Year End Reserve Fund Balances**

Reserve Fund	Opening Balance Jan 1, 2022	Interest	Transfers In	Transfers Out	Ending Balance Dec 31, 2022
Association of WPS Municipalities	1,640	35	-	(117)	1,558
Bobby Orr Hall of Fame Scholarship	16,360	374	-	-	16,734
Bobby Orr Hall of Fame Special Projects	262,794	5,707	-	(30,000)	238,501
Capital Asset Legacy	1,219,911	53,834	159,076	(317,053)	1,115,768

Capital Replacement	3,496,288	68,057	458,056	(114,904)	3,907,497
Development Charges/Lot Levy	83,787	436	-	(84,223)	-
EMS Equipment/Capital	314,791	5,874	434,980	(607,900)	147,745
Federal Gas Tax	800,765	25,670	406,461	(110,738)	1,122,158
Future Pool	40,674	2,566	-	-	43,241
Land Ambulance Severance	583,014	13,338	-	-	596,352
Land Ambulance Surplus	984,712	19,009	172,937	-	1,176,658
Municipal Parking	119,428	2,721	-	-	122,149
Property/Parkland	113,972	2,804	61,675	-	178,451
Provincial Gas Tax (Public Transit)	221,853	5,144	56,543	(7,179)	276,361
Sewer Development	149,941	3,334	14,145	-	167,420
Smelter Wharf	488,636	10,822	75,000	(39,629)	534,828
Splashpad	45,000	1,031	-	-	46,031
Treetops	2,139	66	100	-	2,305
Water Development	153,543	3,417	14,145	-	171,105
	<b>\$9,099,246</b>	<b>\$224,239</b>	<b>\$1,853,120</b>	<b>\$(1,311,744)</b>	<b>\$9,864,862</b>

### Projected Balance at 2023 Year End

The following Table 4 shows the projected reserve fund balances at the end of 2023 considering the contributions and withdrawals in the 2023 budget and subsequent Council resolutions.

**Table 4 – Projected 2023 Year End Reserve Fund Balances**

Reserve Fund	Opening Balance Jan 1, 2023	Budgeted 2023 Activity	Other Estimated Transfers	Ending Balance Dec 31, 2023
Association of WPS Municipalities	1,558	18	-	1,576
Bobby Orr Hall of Fame Scholarship	16,734	(2,000)	-	14,734

Bobby Orr Hall of Fame Special Projects	238,501	(108,190)	-	130,311
Capital Asset Legacy	1,115,768	103,990	-	1,219,758
Capital Replacement	3,907,497	(1,175,362)	-	2,732,135
Development Charges/Lot Levy	-	285	-	285
EMS Equipment/Capital	147,745	(135,873)	-	11,872
Federal Gas Tax	1,122,158	(1,071,716)		50,442
Future Pool	43,241	630	-	43,871
Land Ambulance Severance	596,352	5,348	-	601,700
Land Ambulance Surplus	1,176,658	8,950	-	1,185,608
Municipal Parking	122,149	2,500	-	124,649
Property/Parkland	178,451	440	-	178,891
Public Transit (Provincial Gas Tax)	276,361	2,500	(167,427)	111,434
Sewer Development	167,420	1,690	-	169,110
Smelter Wharf	534,828	46,445	-	581,273
Splash Pad	46,031	942	-	46,973
Treetops	2,305	25	-	2,330
Water Development	171,105	1,730	-	172,835
	<b>\$9,864,862</b>	<b>\$(2,317,648)</b>	<b>\$ (167,427)</b>	<b>\$ 7,379,786</b>



**Schedule B to Resolution 2023-147**  
**Town of Parry Sound**  
**Determination of Tax Levy Surplus**  
**December 31, 2022**

	2022 Actual	Comments
Updated for 2022 Info		
<b>Total Net Levy</b>	\$ (4,702,969)	All 300 - 400 series accounts (Revenue less Expenses) *EXCLUDES DBA & Library
<b>Adjustments</b>		
Remove Amortization Expense	-5,435,620	Remove amortization, as levy uses cash flow
Adjust for Gain (Loss) on disposal of assets	-5,435,620	gains kept in
<b>Adjusted Operating</b>	\$ (10,138,589)	
<b>Capital Budgets Total Cost</b>		
Administration/IT	\$ 96,369.38	
Financial and POA Court Services	-	
Protective Services	-	
Fire Services	25,193.44	
Land Ambulance (EMS)	555,874.45	
Operations	757,492.27	
Water and Wastewater	262,632.18	
Development and Leisure Services	134,851.43	
Stockey Centre and Bobby Orr Hall of Fame	118,798.00	
	<u>1,951,211.15</u>	1,951,211.15 Capital budget \$8,125,657 including carryforward
<b>Capital Costs in Work in Progress (Not Yet Funded)</b>		
Change to WIP in 2022	\$ <u>3,036,372.06</u>	3,036,372.06
<b>Transfers from Reserves and Reserve Funds</b>		
From Reserve	\$ (2,371,252.02)	01-270-3002-00805
From Reserve Funds	<u>(1,109,487.20)</u>	01-270-3002-00801
	(3,480,739.22)	(3,480,739.22)
<b>Transfers to Reserves and Reserve Funds</b>		
To Reserve	4,885,540.29	01-270-3001-00805
To Reserve Funds	<u>1,059,538.90</u>	01-270-3001-00801
	5,945,079.19	5,945,079.19
<b>Principal Payments on Long-Term Debt</b>		
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	
James, Gibson & Mary St	-	
McDougall Water Tower System	100,000.00	
Municipal Office & WW Frmn	100,000.00	
Riverdale Road Project	35,000.00	
Smelter Wharf (Port)	194,925.34	
Stockey Centre Roof (new in 2020)	29,405.79	
BOCC Ice Pad (new in 2020)	19,657.09	



**Attachment #2**  
**Town of Parry Sound**  
**Determination of Tax Levy Surplus**  
**December 31, 2022**

	2022 Actual	Comments
Wastewater Plant	125,000.00	
William St & Emily St	95,837.84	
Water Filtration Plant	-	
Macklaim Dennis	28,813.81	
Waubeeek/Isabella	120,901.26	
	-	1,159,810.99
	\$	(1,526,854.96)
<b>Change in Unfinanced Capital</b>		
	\$	-
<b>Deficit (Surplus)</b>		<b>\$ (1,526,854.96)</b>

**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	\$ 3,449,440.56	\$ 12,715,136.80	30%	\$ (458,056.49)
Emergency Capital Asset Replacement Reserve	\$ 200,000.00	\$ 200,000.00	10%	Meets Target
Other:				\$ -
Legal/Insurance Claim Reserve	\$ 30,133.77	n/a	30%	\$ (114,099.47)
Town's Contribution to Pool Reserve	\$ -			\$ (954,699.00)
General Working Reserve	\$ 3,250,436.50	\$ 3,179,452.00		\$ -
			100%	\$ (1,526,854.96)
				\$ 1,526,854.96