



Annual Reserve and Reserve Fund Report

Fiscal Year 2016

Alternative Formats Available



1 Introduction

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, 2016.

2 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 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.

3 Reserves

3.1 Purpose of Reserves

The Town has established 28 reserves for a variety of purposes as outlined in the following table:



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Reserve	Purpose	Target Range per Policy
Bobby Orr Hall of Fame Reserve	To fund future operational and capital expenditures for the Bobby Orr Hall of Fame	None specified
Cemetery and Columbaria Reserve	To fund future operational and capital expenditures for cemeteries	None specified
Economic Development Reserve	To provide funding for economic development initiatives	None specified
Elections Reserve	To fund future municipal election costs	25% per year of anticipated election costs
Emergency Services Reserve	To fund future operational and capital expenditures for fire services	None specified
Façade Improvement Reserve	To provide funding for façade improvement program	None specified
Health Unit Capital Reserve	To provide capital funding for the North Bay Parry Sound District Health Unit	As requested by North Bay Parry Sound District Health Unit
Industrial Park Reserve	To fund future development at the Parry Sound Area Industrial Development Park	None specified



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Reserve	Purpose	Target Range per Policy
LACAC Directory Reserve	To provide funding for the Local Architectural Conservation Advisory Committee	None specified
Planning Legal Reserve	To provide funding for planning related professional fees.	Created subsequent to policy adoption
Police Cost Stabilization Reserve	To provide for stable funding for police costs.	Created subsequent to policy adoption.
PS Power Promissory Note Reserve		None specified
Stockey Centre Reserve	To fund future operational and capital expenditures for the Charles W. Stockey Centre	None specified
Waste Management and Landfill Decommissioning Reserve	To provide funding for future operational and capital needs for waste management.	As per consultants reports
WSIB Reserve	To provide funding for future WSIB requirements.	None specified
Parks Reserve	To fund future operational and capital replacement and expansion for local parks.	None specified



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Reserve	Purpose	Target Range per Policy
Emergency Capital Asset Replacement Reserve	To provide funding for unforeseen capital asset replacement	\$100,000 to \$200,000
Infrastructure Replacement Reserve	To provide funding for replacement of existing infrastructure assets	Created subsequent to policy adoption.
Equipment Replacement Reserve	To provide funding for replacement of existing equipment and machinery assets	Created subsequent to policy adoption.
Fleet Replacement Reserve	To provide funding for replacement of existing fleet	Created subsequent to policy adoption.
IT Replacement Reserve	To provide funding for replacement and expansion of information technology assets	Created subsequent to policy adoption.
Tax Rate Stabilization Reserve	To fund tax revenue shortfalls, one time expenditures as well as other contingencies.	5% to 10% of prior year municipal levy
Salt Management Reserve	To fund future salt management needs.	None specified
Winter Control Reserve	To mitigate impact of winter fluctuations on winter control expenditures	25% of 5 year average winter control costs



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Reserve	Purpose	Target Range per Policy
Wastewater Stabilization Reserve	To fund wastewater service operations and future capital asset expenditures.	None specified
Water Stabilization Reserve	To fund water service operations and future capital asset expenditures.	None specified
General Working Capital Reserve	To provide working capital for the Town.	15% to 25% of prior year tax levy

3.2 Ending Balance, 2016

The Town's reserves have a total balance of \$11,523,336 as at December 31, 2016. The reserves can be classified as follows:

- 6 reserves established for the replacement of capital assets with a total balance of \$1,381,228;
- 2 reserves established to provide working capital and tax rate stabilization with a total balance of \$2,372,469;
- 2 reserves established for the water and wastewater system with a total balance of \$6,055,612; and
- 18 reserves established for funding operational requirements with a total balance of \$1,714,026.

The table on the following page summarizes the existing reserves with opening balances as of January 1, 2016, transfers in and out during the 2016 fiscal year, and closing balance as at December 31, 2016.



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Item	Opening Balance 2016	Transfers In	Transfers Out	Ending Balance 2016
Bobby Orr Hall of Fame Reserve	\$238,796.78	\$19,917.63	\$-	\$258,714.41
Cemetery and Columbaria Reserve	37,744.61	-	-	37,744.61
Economic Development Reserve	41,458.95	-	-	41,458.95
Elections Reserve	5,000.00	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	22.12	-	7,612.04
Planning Legal Reserve	20,000.00	-	-	20,000.00
Police Cost Stabilization Reserve	22,429.00	-	-	30,648.74
PS Power Promissory Note Reserve	72,435.92	-	-	72,435.92
Stockey Centre Reserve	125,288.47	61,909.63	(33,904.27)	153,293.83
Waste Management and Landfill Decommissioning Reserve	259,775.42	1,062.05	-	260,837.47
WSIB Reserve	50,608.12	-	-	106,002.28
Parks Reserve	392,814.08	-	(218,945.89)	173,868.19
Emergency Capital Asset Replacement Reserve	52,196.12	18,464.73	(13,550.00)	57,110.85
Infrastructure Replacement Reserve	552,658.34	46,134.00	-	598,792.34



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Item	Opening Balance 2016	Transfers In	Transfers Out	Ending Balance 2016
Equipment Replacement Reserve	37,672.12	246,134.00	(171,335.48)	112,470.64
Building Replacement Reserve	400,998.91	-	(139,505.00)	261,493.91
Fleet Replacement Reserve	452,319.82	452,214.00	(588,235.08)	316,298.74
IT Replacement Reserve	15,248.79	35,000.00	(15,187.56)	35,061.23
Tax Rate Stabilization Reserve	905,171.22	55,394.18	(25,837.70)	934,727.70
Salt Management Reserve	18,000.00	-	-	18,000.00
Winter Control Reserve	357,612.26	51,570.77	-	409,183.03
Wastewater Stabilization Reserve	1,788,341.37	676,501.14	(274,264.91)	2,190,577.60
Water Stabilization Reserve	3,590,905.07	815,285.20	(541,155.35)	3,865,034.92
General Working Capital Reserve	1,437,741.39	-	-	1,437,741.39
Total	\$10,997,033.70	\$2,484,609.45	\$(2,021,921.24)	\$11,523,335.81



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3.3 Projected Balances 2017

The following table shows the projected ending balances, as at July 19, 2017, of the reserves based on the 2017 budget and any subsequent resolutions of Council.

Item	Opening Balance 2017	Transfers In Per 2017 Budget	Transfers Out Per 2017 Budget	Ending Balance 2017
Bobby Orr Hall of Fame Reserve	\$258,714	\$-	\$(25,000)	\$233,714
Cemetery and Columbaria Reserve	37,745	-	-	37,745
Economic Development Reserve	41,459	-	-	41,459
Elections Reserve	10,000	5,000	-	15,000
Emergency Services Reserve	59,013	-	-	59,013
Facade Improvement Reserve	10,376	-	-	10,376
Health Unit Capital Reserve	14,428	-	-	14,428
Industrial Park Reserve	30,410	-	-	30,410
LACAC Directory Reserve	7,612	-	-	7,612
Planning Legal Reserve	20,000	-	-	20,000
Police Cost Stabilization Reserve	30,649	-	-	30,649
PS Power Promissory Note Reserve	72,436	-	-	72,436
Stockey Centre Reserve	153,294	-	(5,000)	148,294
Waste Management and Landfill Decommissioning Reserve	260,837	-	(29,500)	231,337
WSIB Reserve	106,002	-	-	106,002
Parks Reserve	173,868	42,500	(35,000)	181,368
Emergency Capital Asset Replacement Reserve	57,111	-	-	57,111



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Infrastructure Replacement Reserve	598,792	50,000	(10,000)	638,792
Equipment Replacement Reserve	112,471	239,800	(144,100)	208,171
Building Replacement Reserve	261,494	12,500	(27,500)	246,494
Fleet Replacement Reserve	316,299	450,000	(215,000)	551,299
IT Replacement Reserve	35,061	35,000	(10,000)	60,061
Tax Rate Stabilization Reserve	934,728	-	(201,000)	733,728
Salt Management Reserve	18,000	-	-	18,000
Winter Control Reserve	409,183	-	-	409,183
Wastewater Stabilization Reserve	2,190,578	1,057,989	(869,417)	2,379,149
Water Stabilization Reserve	3,865,035	585,524	(683,551)	3,767,008
General Working Capital Reserve	1,437,741	-	-	1,437,741
Total	\$11,523,336	\$2,478,313	\$(2,255,068)	\$11,746,581

4 Reserve Funds

4.1 Purpose of Reserve Funds

The Town has established 18 reserve funds for a variety of purposes as outlined in the following table:

Reserve Fund	Purpose	Target Range per Policy
Capital Asset Legacy Reserve Fund	To provide a source of funding for expenditures related to the purchase of capital assets, excluding water and wastewater systems	The total capital outlays for the upcoming 5-year period. NOTE: this was established prior to the creation of the Capital Replacement Reserve Fund. This target should be for the other reserve fund, the intent of the legacy fund is to act as an endowment for new or enhanced capital infrastructure.
Capital Replacement Reserve Fund	To provide a source of funding for expenditures related to the replacement or rehabilitation of capital infrastructure, excluding water and wastewater systems.	See above.
Lot Levy Reserve Fund	To provide funding for capital expansion	None specified



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Reserve Fund	Purpose	Target Range per Policy
Development Charges Reserve Fund	To provide funding for capital expansion related to growth	None specified
Water Development Reserve Fund	To provide a source of funding for water infrastructure	None specified
Municipal Property / Parkland Reserve Fund	To provide funding for parking lot development, sourced from developers. To provide funding for park space development	None specified
Parking Reserve Fund	To fund capital replacement of municipal parking lots and parking equipment	None specified
Sewer Development Reserve Fund	To provide a source of funding for wastewater infrastructure	None specified
Pool Trust Reserve Fund	To provide funding for an aquatic centre	None specified
EMS Severance Reserve Fund	To fund severance costs for paramedics	None specified



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Reserve Fund	Purpose	Target Range per Policy
Fire Training Reserve Fund	To provide funding for an initiative by WPS fire departments to establish a joint training facility	None specified
West Parry Sound Association Reserve Fund	To provide funding for the WPS District Association	None specified
EMS Surplus Reserve Fund	To fund operations of Land Ambulance Service.	None specified
EMS Equipment / Capital Reserve Fund	To fund infrastructure, vehicle and equipment replacement.	None specified
Smelter Wharf Reserve Fund	To provide funding for capital repairs / replacement	None specified
Bobby Orr Hall of Fame Reserve Fund	To provide support for the Bobby Orr Hall of Fame at Mr. Orr's discretion and Council approval.	None specified
Treetops Reserve Fund	To provide a source of funding for expenditures related to the establishment and maintenance of the Treetops Community Forest.	None specified
Public Transit Gas Tax Reserve Fund	For transit operations in accordance with Provincial Gas Tax Agreement	None specified

4.2 Ending Balance, 2016

The Town has established 18 reserve funds with a total balance of \$5,720,823 at December 31, 2016. The reserve funds can be categorized as follows:

- 5 reserve funds held on behalf of others with a total of \$378,216;
- 3 reserve funds for the purposes of Land Ambulance services in the District with a total of \$2,068,761;
- 3 reserve funds for obligatory purposes under Provincial statute or agreement with a total of \$140,900;
- 2 reserve funds for the purpose of water and wastewater services with a total of \$187,435;
- 2 reserve funds for the purpose of funding capital projects with a total of \$2,531,198;
- 1 reserve fund for the purpose of parkland dedication and municipal property purchases with a total of \$121,540;
- 1 reserve fund for the purpose of municipal parking with a total of \$149,352; and
- 1 reserve fund for the purpose of providing financial support for the Bobby Orr Hall of Fame with a total of \$143,420



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The following table summarizes the existing reserve funds with opening balances as of January 1, 2016, transfers in and out during the 2016 fiscal year, and closing balance as at December 31, 2016.

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	\$26,990.76	\$121,525.89	\$(133,964.44)	\$2,080,302.58
Capital Replacement Reserve Fund	393,584.20	1,917.31	55,394.18	-	450,895.69
Lot Levy Reserve Fund	85,429.72	901.36	-	-	86,331.08
Development Charges Reserve Fund	17,529.02	184.94	-	-	17,713.96
Waterworks Reserve Fund	92,753.13	988.30	1,671.30	-	95,412.73
Municipal Property / Parkland Reserve Fund	112,497.35	1,228.97	7,814.00	-	121,540.32
Parking Reserve Fund	281,995.20	3,636.16	-	(136,279.48)	149,351.88
Sewer Development Reserve Fund	89,397.92	952.92	1,671.30	-	92,022.14
Pool Trust Reserve Fund	44,122.66	465.55	-	-	44,588.21
EMS Severance Reserve Fund	536,226.24	5,597.69	-	-	541,823.93
Fire Training Reserve Fund	7,472.17	78.85	-	-	7,551.02
West Parry Sound Association Reserve Fund	1,399.54	14.77	-	-	1,414.31
EMS Surplus Reserve Fund	1,089,539.79	11,373.76	-	(71,116.64)	1,029,796.91
EMS Equipment / Capital Reserve Fund	813,649.50	8,493.72	377,025.66	(761,771.17)	437,397.71
Smelter Wharf	289,667.59	2,552.77	29,718.17	-	321,938.53
Bobby Orr Hall of Fame Reserve Fund	141,922.89	1,497.42	-	-	143,420.31



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Reserve Fund	Opening Balance - January 1, 2016	Interest Earned	Transfer In	Transfers Out	Ending Balance - December 31, 2016
Treetops Reserve Fund	31,949.13	702.18	161,004.07	(190,931.93)	2,723.45
Public Transit Gas Tax Reserve Fund	25,873.20	568.23	10,414.00	-	36,855.43
Total	\$6,120,759.62	\$68,145.66	\$766,238.57	\$(1,294,063.66)	\$5,661,080.19

4.3 Projected Balances 2017

The following table shows the projected ending balances, as at July 19, 2017, of the reserve funds based on the 2017 budget and any subsequent resolutions of Council.

Reserve Fund	Opening Balance 2017	Interest Earned	Transfer In	Transfers Out	Ending Balance 2017
Capital Asset Legacy Reserve Fund	\$2,080,302.58	\$2,500.00	\$306,525.89	\$(1,862,000.00)	\$527,328.47
Capital Replacement Reserve Fund	450,895.69	500.00	-	(160,000.00)	291,395.69
Lot Levy Reserve Fund	86,331.08	-	-	-	86,331.08
Development Charges Reserve Fund	17,713.96	225.00	-	-	17,938.96
Waterworks Reserve Fund	95,412.73	650.00	-	-	96,062.73
Municipal Property / Parkland Reserve Fund	121,540.32	-	-	-	121,540.32
Parking Reserve Fund	149,351.88	4,000.00	-	(60,000.00)	93,351.88
Sewer Development Reserve Fund	92,022.14	600.00	-	-	92,622.14



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Reserve Fund	Opening Balance 2017	Interest Earned	Transfer In	Transfers Out	Ending Balance 2017
Pool Trust Reserve Fund	44,588.21	380.00	-	-	44,968.21
EMS Severance Reserve Fund	541,823.93	5,500.00	-	-	547,323.93
Fire Training Reserve Fund	7,551.02	70.00	-	-	7,621.02
West Parry Sound Association Reserve Fund	1,414.31	-	-	-	1,414.31
EMS Surplus Reserve Fund	1,089,539.79	9,100.00	12,892.00	-	1,111,531.79
EMS Equipment / Capital Reserve Fund	437,397.71	3,900.00	355,100.00	(950,000.00)	(153,602.29)
Smelter Wharf	321,938.53	1,900.00	-	(206,476.35)	117,362.18
Bobby Orr Hall of Fame Reserve Fund	143,420.31	1,500.00	-	-	144,920.31
Treetops Reserve Fund	2,723.45	-	-	-	2,723.45
Public Transit Gas Tax Reserve Fund	36,855.43	-	-	-	36,855.43
Total	\$5,720,823.07	\$30,825.00	\$674,517.89	\$(3,238,476.35)	\$3,187,689.61