



## 2017 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 2017 Year End

As at December 31, 2017, the total balance of the Town's 27 reserves was \$12,667,025, compared to \$11,523,336 at the 2016 year end. These reserves include:

- 6 reserves established for the replacement of capital assets with a total balance of 1,846,033 (2016 - \$1,381,228);
- 2 reserves established to provide working capital and tax rate stabilization with a total balance of \$2,234,728 (2016 - \$2,372,469);
- 2 reserves established for the water and wastewater system with a total balance of \$7,101,633 (2016 - \$6,055,612); and
- 17 reserves established for funding operational requirements with a total balance of (\$1,484,630) (2016 - \$1,714,026).

During 2017, Council established Bobby Orr Hall of Fame Special Project Reserve Fund in By-law 2016-6679 by converting Bobby Orr Hall of Fame Reserve. The balance of \$258,714 in the reserve was transferred to the Bobby Orr Hall of Fame Reserve Fund at the beginning of 2017. [Table 1](#) summarizes opening balances, transactions and ending balances of these reserves in 2017.

**Table 1 - 2017 Year End Reserve Balances**

Reserve	Opening Balance		Transfers In	Transfers Out	Ending Balance,	
		Jan 1, 2017				December 31 2017
Bobby Orr Hall of Fame Reserve	\$	258,714.41	\$ -	\$(258,714.41)	\$	-
Cemetery and Columbaria Reserve		37,744.61	-	-	\$	37,744.61
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	21,601	-		31,977
Health Unit Capital Reserve		14,428	-	-		14,428
Industrial Park Reserve		30,410	-	-		30,410
LACAC Directory Reserve		7,612	15	-		7,627
Planning Legal Reserve		20,000	-	-		20,000
Police Cost Stabilization Reserve		30,649	7,074	-		37,723
PS Power Promissory Note Reserve		72,436	-	-		72,436
Stockey Centre Reserve		153,294	48,267	(2,312)		199,249
Waste Management and Landfill Decommissioning Reserve		260,837	1,224	(29,500)		232,562
WSIB Reserve		106,002	19,732	-		125,734
Parks Reserve		173,868	42,500	-		216,368
Emergency Capital Asset Replacement Reserve		57,111	19,732	-		76,843
Infrastructure Replacement Reserve		598,792	89,464	(135,077)		553,179
Equipment Replacement Reserve		112,471	239,800	(123,156)		229,115
Building Replacement Reserve		261,494	138,543	(57,794)		342,243
Fleet Replacement Reserve		316,299	450,000	(183,239)		583,060
IT Replacement Reserve		35,061	35,000	(8,466)		61,595
Tax Rate Stabilization Reserve		934,728	59,196	(196,937)		796,986
Salt Management Reserve		18,000	-	-		18,000
Winter Control Reserve		409,183	-	(84,283)		324,900
Wastewater Stabilization Reserve		2,190,578	512,602	(72,070)		2,631,109
Water Stabilization Reserve		3,865,035	806,838	(201,349)		4,470,524
General Working Capital Reserve		1,437,741	-	-		1,437,741
<b>Total</b>	<b>\$</b>	<b>11,523,336</b>	<b>\$ 2,496,588</b>	<b>\$ (1,352,898)</b>	<b>\$</b>	<b>12,667,025</b>

## Projected Balanced at 2018 Year End

The following Table 2 shows the projected reserve balances at the 2018 year end, considering the contributions and withdrawals in the 2018 budget and subsequent Council resolutions. The total balance of the reserves is expected to remain at the 2017 level.

**Table 2 – Projected 2018 Year End Reserve Balances**

Reserve	Opening Balance Jan 1, 2018	Transfers In	Transfers Out	Ending Balance, December 31 2018
Cemetery and Columbaria Reserve	37,745	-	-	37,745
Economic Development Reserve	41,459	-	-	41,459
Elections Reserve	15,000	-	-	-
Emergency Services Reserve	59,013	-	(16,078)	42,935
Facade Improvement Reserve	31,977	-	(21,601)	10,376
Health Unit Capital Reserve	14,428	-	-	14,428
Industrial Park Reserve	30,410	-	-	30,410
LACAC Directory Reserve	7,627	-	-	7,627
Planning Legal Reserve	20,000	-	-	20,000
Police Cost Stabilization Reserve	37,723	-	30,600	68,323
PS Power Promissory Note Reserve	72,436	-	-	-
Stockey Centre Reserve	199,249	-	(55,000)	144,249
Waste Management and Landfill Decommissioning Reserve	232,562	5,000	-	237,562
WSIB Reserve	125,734	-	-	125,734
Parks Reserve	216,368	25,000	(45,000)	196,368
Emergency Capital Asset Replacement Reserve	76,843	28,569	-	105,412
Infrastructure Replacement Reserve	553,179	-	-	553,179
Equipment Replacement Reserve	229,115	177,388	(332,400)	74,103
Building Replacement Reserve	342,243	167,000	(55,200)	147,176
Fleet Replacement Reserve	583,060	439,114	(547,485)	474,688
IT Replacement Reserve	61,595	57,000	(47,845)	63,751
Tax Rate Stabilization Reserve	796,986	100,000	-	896,986
Salt Management Reserve	18,000	-	-	18,000
Winter Control Reserve	324,900	-	-	324,900
Wastewater Stabilization Reserve	2,631,109	1,085,189	(986,419)	2,729,880
Water Stabilization Reserve	4,470,524	531,118	(386,650)	4,614,992
General Working Capital Reserve	1,437,741	-	-	1,437,741
<b>Total</b>	<b>\$ 12,667,025</b>	<b>\$ 2,615,378</b>	<b>\$ (2,463,077)</b>	<b>\$ 12,418,023</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 2017 Year End

As at December 31, 2017, the total balance of the Town's 20 reserve funds was \$5,036,527, compared to \$5,661,080 at the 2016 year end. The year over year decrease was mainly in the Capital Asset Legacy Reserve Fund, attributable to property purchases by the Town. The reserve funds include:

- 5 reserve funds held on behalf of others with a total of \$649,017 (2016 - \$333,627);
- 3 reserve funds for the purposes of Land Ambulance services in the District with a total of \$1,778,992 (2016 - \$2,009,018);
- 5 obligatory reserve funds with a total of \$560,288 (2016 - \$262,441);
- 2 reserve funds for the purpose of water and wastewater services with a total of \$215,578 (2016 - \$187,435);
- 3 reserve funds for the purpose of funding capital projects with a total of \$1,550,067 (\$2,575,786);
- 1 reserve fund for the purpose of municipal parking with a total of \$137,143 (2016 - \$149,352); and
- 1 reserve fund for the purpose of providing financial support for the Bobby Orr Hall of Fame with a total of \$145,440 (2016 - \$143,420).

Table 3 summarizes opening balances, transactions and ending balances of these reserve funds in 2017.

Table 3 - 2017 Year End Reserve Fund Balances

Reserve Fund	Opening Balance - January 1, 2017	Interest Earned	Transfer In	Transfers Out	Ending Balance - December 31, 2017
Capital Asset Legacy Reserve Fund	2,080,303	13,190	320,098	(1,172,167)	1,241,423
Provincial Transit Gas Tax Reserve Fund	36,855	392	4,829	-	42,076
Lot Levy Reserve Fund	86,331	1,068	-	-	87,400
Development Charges Reserve Fund	17,714	216	-	-	17,930
Waterworks Reserve Fund	95,413	1,311	12,860	-	109,583
Municipal Property / Parkland Reserve Fund	121,540	1,518	2,662	-	125,720
Parking Reserve Fund	149,352	2,604	-	(14,813)	137,144
Sewer Development Reserve Fund	92,022	1,268	12,705	-	105,996
Pool Trust Reserve Fund	44,588	552	-	-	45,140
EMS Severance Reserve Fund	541,824	6,110	-	-	547,934
Fire Training Reserve Fund	7,551	92	-	-	7,643
West PS Mayors Association Reserve Fund	1,414	17	-	-	1,432
EMS Surplus Reserve Fund	1,029,797	12,948	-	(31,929)	1,010,816
EMS Equipment / Capital Reserve Fund	437,398	7,470	511,255	(735,881)	220,242
Smelter Wharf	321,939	3,820	41,860	-	367,619
Bobby Orr Hall of Fame Reserve Fund	143,420	2,020	-	-	145,440
Capital Replacement Reserve Fund	450,896	5,269	59,196	(251,857)	263,503
Bobby Orr Hall of Fame Special Projects Reserve Fund	-	1,674	261,539	-	263,213
Federal Gas Tax Reserve Fund	-	-	383,117	(95,954)	287,163
Treetops Reserve Fund	2,723	96	67,655	(61,364)	9,111
<b>Total</b>	<b>\$ 5,661,080</b>	<b>\$ 61,637</b>	<b>\$ 1,677,775</b>	<b>(\$ 2,363,965)</b>	<b>\$ 5,036,527</b>

### Projected Balanced at 2018 Year End

The following Table 4 shows the projected reserve fund balances at the 2018 year end, considering the contributions and withdrawals in the 2018 budget and subsequent Council resolutions. The total balance of the reserve funds is expected to be slightly below the 2017 level.

Table 4 – Projected 2018 Year End Reserve Fund Balances

Reserve Fund	Opening Balance - January 1, 2018	Interest Earned	Transfer In	Transfers Out	Ending Balance - December 31, 2018
Capital Asset Legacy Reserve Fund	1,241,423	10,000	120,234	(433,512)	938,145
Provincial Transit Gas Tax Reserve Fund	42,076	400	-	-	42,476
Lot Levy Reserve Fund	87,400	1,100	-	-	88,500
Development Charges Reserve Fund	17,930	250	-	-	18,180
Waterworks Reserve Fund	109,583	1,500	10,000	-	121,083
Municipal Property / Parkland Reserve Fund	125,720	1,200	-	(40,000)	86,920
Parking Reserve Fund	137,144	2,000	-	(10,000)	129,144
Sewer Development Reserve Fund	105,996	13,000	-	-	118,996
Pool Trust Reserve Fund	45,140	600	-	-	45,740
EMS Severance Reserve Fund	547,934	6,000	-	-	553,934
Fire Training Reserve Fund	7,643	60	-	(7,703)	-
West PS Mayors Association Reserve Fund	1,432	20	-	-	1,452
EMS Surplus Reserve Fund	1,010,816	13,000	-	-	1,023,816
EMS Equipment / Capital Reserve Fund	220,242	800	410,000	(316,524)	314,518
Smelter Wharf	367,619	4,000	40,000	-	411,619
Bobby Orr Hall of Fame Reserve Fund	145,440	1,800	10,000	(22,000)	135,240
Bobby Orr Hall of Fame Scholarship Reserve Fund	-	40	20,000	(2,000)	18,040
Capital Replacement Reserve Fund	263,503	3,000	-	-	266,503
Bobby Orr Hall of Fame Special Projects Reserve Fund	263,213	1,800	-	(11,490)	253,523
Federal Gas Tax Reserve Fund	287,163	1,000	-	-	288,163
Treetops Reserve Fund	9,111	150	-	(7,484)	1,777
Splashpad Reserve Fund	-	200	40,000	-	40,200
<b>Total</b>	<b>\$ 5,036,527</b>	<b>\$ 61,920</b>	<b>\$ 650,234</b>	<b>\$ (850,713)</b>	<b>\$ 4,897,967</b>

## Closure of Reserve and Reserve Funds

Staff have identified the following one reserve and one reserve fund that have accomplished their purposes thus should be closed.

- 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 includes a transfer of this balance to the Infrastructure Replacement Reserve.

- Fire Training Reserve Fund: As of December 31, 2018, there was \$7,643 in this reserve fund. The 2018 budget includes a contribution of this balance to the area fire training facility.