

THE CORPORATION OF THE TOWN OF GEORGINA**REPORT NO. CAO-2017-0013****FOR THE CONSIDERATION OF COUNCIL
OCTOBER 18, 2017****SUBJECT: SERVICE DELIVERY REVIEW (SDR) PROGRESS REPORT NO. 5
FINANCIAL POLICY FRAMEWORK
PART A - RESERVES AND RESERVE FUNDS STRATEGY**

1. RECOMMENDATIONS:

1. That Council receive Report No. CAO-2017-0013 prepared by the Office of the CAO dated October 18, 2017 respecting Reserves and Reserve Funds Strategy.
2. That Council adopt the Reserves and Reserve Funds Strategy as outlined in this report.
3. That effective in the 2018 fiscal year, Council establish the following new category of Reserves and Reserve Funds as described in this report as follows:
 - 3.1 New Infrastructure Reserve
 - 3.2 New Departmental, Functional & Divisional – Lifecycle Replacement Reserves (e.g. Roads, Facilities, Vehicles, Equipment, etc.)
 - 3.3 New Operation Rate Stabilization Reserves (e.g. Operating Tax Rate, Water/Wastewater (Sewer) Rate, etc.)
4. That a Workplace Safety Insurance Board (WSIB) Reserve program be reviewed, developed and reported to Council for consideration, as a potential cost saving measure.
5. That Council authorize staff to consolidate all Town discretionary reserves into new categories as described in this report and to be reflected in the 2018 budget process.
6. That Council authorize staff to continue the current funding allocation for the 2017 operating and/or capital projects based on the present reserve practices while working on the consolidation of the Reserves and Reserve Funds, until such time as those Reserves and Reserve Funds have been merged by the end of 2017 fiscal year.

7. That Council approve that the resolutions arising from this report to supersede and repeal all previous related resolutions and by-laws.

2. PURPOSE:

The purpose of this report is to present an opportunity for the strategic consolidation of the Town's Reserves and Reserve Funds and to seek Council's approval to implement the related changes. This approach will provide a positive impact with respect to:

- a) The opportunity to lower the accounting/administrative work associated with reserve/reserve fund management
- b) Funding availability for approved programs/projects as needed
- c) Possible higher rate of return on investment or lower demand/cost of borrowing
- d) Funding availability for any unplanned projects/programs, immediately

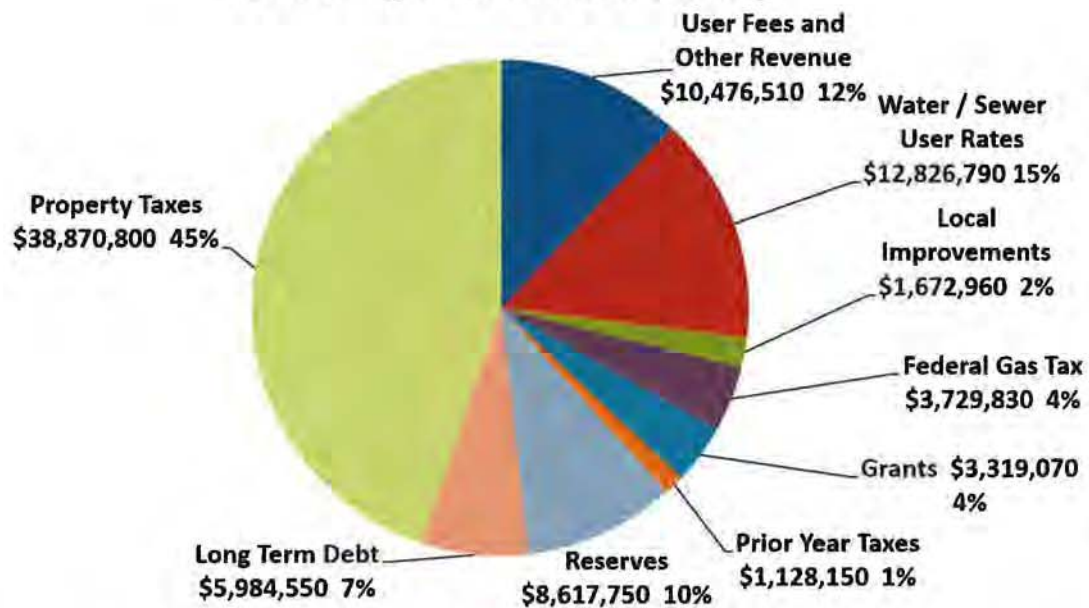
3. BACKGROUND:

As part of presenting this report, it should be acknowledged that parts of the information and statistics gathered in this report were previously compiled by Town's former Director of Administrative Services/Treasurer.

As part of the October 11, 2017 meeting, Council received the Service Delivery Review (SDR) progress report that provided general Financial Policy Guidelines/Framework. As part of that report staff recommended the Town of Georgina's Reserves and Reserve Funds' structure be reviewed for efficiency and effectiveness. Today's report represents the "Part A" of a series of policies to address the proposed financial framework.

It was previously reported to Council that the Long Range Financial Plan confirmed that Georgina is subject to many challenges towards sustainable financial strategies. It was also identified that the most prominent challenge is the strong reliance on property tax revenues to fund delivery of programs and services and the current infrastructure gap. The chart below reflects the revenues projected in the 2017 Annual Budget and validates the annual tax reliance:

2017 Budget – Sources of Funding



In 2017, almost half (45%) of the revenue to fund the Towns' budgeted operating and capital plans was generated from property taxes, a portion of which is set aside in reserves and reserve funds for future programs, mostly for capital items. Examples of such items are all lifecycle repair and replacements and non-growth projects. They also form a source of funding for many growth related projects for what's categorized under "benefits to existing residents".

Growth related projects that are required to be in place to accommodate the future growth plans are normally captured through the preparation of the Development Charges Background Study (DCBS) and while the majority of the funding for these projects are funded by Development Charges fees/revenue, many require tax based funding resources to cover the portion identified as "benefit to existing residents" or 10% discount on soft services. Non-growth related projects such as scheduled lifecycle replacement and maintenance programs should be fully reliant on tax funded capital reserves.

This report provides recommendations to establish a solid foundation for prudent financial management for the Town through the support of reserves and reserve funds.

4. ANALYSIS:

4.1 General

In government accounting (Fund Accounting), the reserves and reserve funds play a significant role in municipal finances as they provide for stable coverage for

major capital spending and other specific expenditures in the future. In simple words, the reserves and reserve funds are considered to be the bank accounts for future municipal plans. As such, as municipal councils are planning for a long-range capital forecast, they need to adopt a harmonized reserves and reserve funds strategy in order to set aside sufficient funding to pay for those planned future expenditures.

To achieve this goal, Ontario municipalities have adopted various strategies such as departmental (similar reserves set aside for each department) or specific reserves (specified component of a specific location/building, etc.). This approach may have been popular in the past for smaller municipalities with simple plans of operation or capital budget. However, for the fast growing municipalities, predominantly in the Greater Toronto Area (GTA) and other medium/large size municipalities with more complex operations, the most successful approach can be described as a "corporate" approach, which is recommended in this report.

This corporate approach creates the opportunity to set aside funds for major classes of assets/functions (e.g. Corporate Initiatives, New Infrastructure, Approved Asset Management Plans such as roads, facilities, vehicles, equipment etc.) and therefore allows capital items to be paid for as the needs are identified (vs. lack of funding for a new initiatives, a needed building or vehicle in one department, where another department has sufficient funds with no immediate needs). A "draft" summary of changes is presented as Attachment 1.

It is important to note that accounting and tracking of any fundraising initiatives or donations for a very specific purpose such as an asset/building, will not be affected by these recommendations and staff would be able to provide the accounting information at any time.

4.2 Managing Financial Risks - Rate Stabilization

Through the preparation of the Long Range Financial Plan, the Town identified several risk variables and other financial challenges associated with the Long Range Financial Plan as listed below:

1. Inflation
2. Service level demands
3. Emergency mitigation
4. Collective agreement settlements
5. Provincial labour law legislation
6. Timing of population growth estimates (timing of development charge receipts)
7. Interest rates
8. Infrastructure gap
9. Capital cost estimates are preliminary
10. Useful life term of capital assets are estimated
11. Potential economic downturn or slow down
12. New demographic of young families with very large mortgages.

To mitigate and minimize any exposure to these risks, it is imperative for the Town to review and refine its existing financial tools and policies and to establish new strategies that are sensible and practical to strive for rate stabilization for property taxes, water and sewer rates that will result in long term sustainability of service delivery to the community.

4.3 Definition of Reserves and Reserve Funds

Reserves and reserve funds are used by municipal governments to set aside monies for future needs and obligations. Traditionally, Provincial guidance to municipalities has segregated “reserves” and “reserve funds”, and further defined reserves as *discretionary* and reserve funds as *discretionary* or *obligatory*.

The nature and attributes of reserves and reserve funds are described below:

4.3.1 Reserves

Reserves are groups of specific monies allocated from the Town's accumulated surplus at the discretion of Council to provide for future expenditures as may be needed by the municipality.

Authority:

Traditionally, staff have established discretionary reserves to accommodate decisions of Council made during annual budget deliberations. Council has

discretion to redirect the funds in a reserve for any purpose that is of general benefit to the municipality.

Sources of Funding:

Annual budget contributions (property taxes and water/sewer bill revenue), one-time contributions at the discretion of Council such as unanticipated or surplus funds by way of a Council resolution.

Use of Funds:

Rate stabilization, working capital funds to support day-to-day operations, contingencies for unanticipated opportunities and/or liabilities, replacement and major rehabilitation of assets as they reach the end of their useful life cycle.

Financial Position:

Reserves are part of the accumulated surplus and are not restricted with respect to Council's spending authorities.

Earnings:

No investment earnings are allocated to reserves. Consequently, the spending value of reserves may slowly diminish over time due to inflationary pressures, if the reserves are not topped up.

4.3.2 Discretionary Reserve Funds

Reserve Funds are similar to reserves in that they group specific monies allocated at the discretion of Council to provide for future expenditures as may be needed by the municipality. The primary difference is that the discretionary reserve fund must be established by Council and any use the funds also requires Council's authorization through resolutions or budget approval process.

Authority:

Council has the authority to establish a reserve fund and has the sole discretion to redirect the funds for any purpose that is of general benefit to the municipality.

Sources of Funding:

Annual budget contributions (property taxes and water/sewer bill revenue), one-time contributions at the discretion of Council such as unanticipated or surplus funds by way of a Council resolution.

Use of Funds:

Working funds to support day-to-day operations, rate stabilization, contingencies for unanticipated opportunities and/or liabilities and capital programs such as , replacement, major rehabilitation and new assets are a few to name.

Financial Position:

Discretionary reserve funds are part of the accumulated surplus and are not segregated or restricted with respect to their use.

Earnings:

Investment earnings are not commonly allocated to the discretionary reserve funds to provide flexibility to the municipality, but it can be done. However, if regular top ups are scheduled to meet the future demands on the funds, the investment earnings can be used towards other municipal needs.

4.3.3 Obligatory Reserve Funds

Obligatory reserve funds are segregated from the general assets of the municipality and are not included as part of the Town's accumulated surplus. Obligatory reserve funds are mandatory reserve funds created by statute or by agreement. Council is restricted in its use of those funds set aside in obligatory reserve funds. As such, the obligatory funds will maintain the current structure and are not the focus of this report.

Authority:

Council has the authority to establish a reserve fund. Obligatory reserve funds must be established by Council for the purpose of segregating funds received by the Town under statutes and pursuant to other agreements.

Sources of Funding:

Obligatory reserves funds are established for those monies received from development charges, cash in-lieu-of parkland, and the Federal Gas Tax sharing program, etc.

Use of Funds:

Those funds segregated in obligatory reserve funds must be used in accordance with the relevant legislation and any agreements for which the reserve funds were established.

Financial Position:

Obligatory reserve funds are not part of the accumulated surplus and are considered deferred revenue reported as a liability on the Town's Consolidated Statement of Financial Position. Obligatory reserve funds are restricted in terms of their spending and may only be spent as provided for in the related legislation or an agreement to which the Town is a party.

Earnings:

Investment earnings must be allocated to obligatory reserve funds. Consequently, the spending value of obligatory reserve funds maintains a level of purchasing parity.

This report focuses on those reserves over which Council has discretion, not the obligatory reserve funds.

4.3.4 Statement of Reserves Maintained by the Town

As indicated in the table below, the Town of Georgina reported reserves and reserve funds totaling about \$32.7 million at the end of the 2016 fiscal year. Since 2008, the Town's reserves have increased from \$13,225,090 to \$32,708,511, an increase of about 147%. The following Chart reflects the historical balances of discretionary reserves and reserve funds held by the Town of Georgina since 2008.



The Town regularly reviews the adequacy and performance of its reserves based on internal and external financial comparators and indicators. At the end of the 2016 fiscal year.

The Town of Georgina also held obligatory reserve funds in the amount of approximately \$11.2 million reported as Deferred Revenue on its Consolidated Balance sheet, in consideration that these funds are restricted in their use pursuant

to the Development Charges Act, the Planning Act, and the Federal Gas Tax Agreement.

4.3.5 Guiding Principles of the Reserves and Reserve Funds Strategy

There are two primary strategic goals for reserves and reserve funds identified as follows:

1. Rate stabilization of property taxes, water and wastewater (sewer) rates
2. Long term sustainability of service delivery to the community

The following Guiding Principles have been formulated to assist in achieving the strategic goals of the Town's Long Range Financial Plan and the associated Reserves and Reserve Funds Strategy: Regardless of what kind of structure and how many reserves/reserve funds is created, Council maintains the sole discretion over the contribution to and spending of these reserves throughout the budget deliberation process, unanticipated events, circumstances, or opportunities.

Guiding Principles:

- a) The effective structure, management and the use of reserves and reserve funds is a critical component of the Town's Long Range Financial Strategy and Plan. Several principles provide guidance when considering the creation of, contributions to, draws from, and the dissolution of reserves and reserve funds.
- b) Reserves and Reserve funds should be established in broad categories, such that Council maintains flexibility with respect to the timing of projects and purchases.
- c) Budgetary contributions to reserves and reserve funds should be attributed to the relevant business unit to promote comprehensive service delivery cost analysis and performance measurement analytics.
- d) Staff should annually review the aggregate total of reserves and reserve funds against financial indicators and benchmarks related to the Town's own financial performance, as well as other municipalities in the Province of Ontario.
- e) The estimated cost and timing of projects and contingencies should be reviewed annually and contributions to the reserves and reserve funds should be adjusted accordingly.
- f) All contributions to and draws from reserves and reserve funds shall be authorized by Council as prescribed and subject to Council annual budget

approvals or other in-year Council approvals for unanticipated events or circumstances.

4.3.6 Proposed Reserve and Reserve Funds Structure and Categories

In consideration of the analysis and guiding principles proposed in the Reserve and Reserve Funds Strategy, it is proposed that the Town establish and/or re-structure its reserves and reserve funds in the following major categories:

- a. In preparation of funding future large community investments, the benefit to existing residents' portion of Growth Related projects, and funding for any non-departmental/corporate initiatives (e.g. Civic Centre), a centralized New Infrastructure Reserve account should be created to address these corporate needs and subsequently spent for that purpose.
- b. The Town's Asset Management Plans promote full lifecycle costing to be supported by reserve funds established for the eventual replacement and/or major rehabilitation of its assets, including roads, facilities and the vehicle and equipment rolling stock. Departmental/Functional/Divisional capital reserves for major categories (e.g. roads, facilities, vehicles, etc.) should be created in order to offer accountability while providing proper funding for asset management, replacement and major rehabilitation of existing Town assets as they reach the end of their useful life.
- c. The Contingency Reserve Fund which were originally established to offset future uncertainties, is proposed to be re-named/re-categorized as Rate Stabilization Reserve to mitigate erratic impacts on the operating budget, property tax rates, any major disaster event and the fiscal surplus/deficit for tax, water/waste water and other funds. A minimum of 5% of the annual revenue should be maintained in this reserve fund.
- d. The Town is currently enrolled in the WSIB program where all its claims are processed through the Board for an annual premium. This membership is titled or categorized as a "Schedule 1" employer. It should be noted that employers (e.g. the Town) have the ability to choose between the current membership and a "self-insured" approach (Schedule 2), where all the claims will still be processed by the Board but the employer will be responsible for the actual cost of the claim plus a processing fee. In this scenario, if the risk is well managed, the cost savings would be significant. In such case, an insurance policy can kick in in case of a catastrophic situations but a deductible may apply which could be covered by the WSIB reserve fund matching the policy deductible. A future report will be brought to Council for consideration of this opportunity.

- e. A working capital reserve is a very common reserve in municipal finance. These reserves were originally established to provide temporary cash flow financing on a revolving basis, primarily to provide the ability to meet current liabilities prior to the receipt of tax levies and other revenues. Working capital is designed to finance the day-to-day cash flow requirements. The Government Finance Officers Association (GFOA) recommends that the target balance for Working Capital Reserve Funds should not be less than 45 days of annual operating expenses, which equals about \$6.6 million for the Town of Georgina. As such, Working Capital Reserve Funds should be maintained and gradually increased to provide the funds necessary for cash flow for the day-to-day operation of the corporation, at a minimum in the tune of approximately 10% of the total operating budget.
- f. Reserve Funds for Future Obligations are the reserves established to fund future expenses related to certain events, planned or unplanned, that occur over several years. For example, elections which are planned every four years and Ontario Municipal Board challenges that may arise from time to time. It is good financial planning to maintain these funds aside in reserve funds to fund future expenses as they arise. This will assist to mitigate volatility in the annual budgets and related property tax rates. These reserves are funded through annual budget contributions.
- g. In line with the general guidelines to create and maintain broad categories of reserve and reserve funds, a review of Boards and Committees reveals that Georgina has established several reserve funds for community boards and committees to manage and maintain their operations. In order to provide a higher efficiency and accountability, these funds can be combined and pooled for higher rate of efficiency.
- h. Water and Sewer Facility/Infrastructure Lifecycle Replacement Reserve Fund
It is a requirement of Public Sector Accounting Board to maintain separate accounting for various separate funds such as water/sewer funds. In 2009, the Town constructed a new facility for its water and sewer operations. The Town does maintain reserve funds for the lifecycle replacement of its water and sewer infrastructure. It is proposed to add/combine the reserve fund for the water and sewer operations facility.

4.3.7 Contributions to Reserve Funds for Capital Purposes

It is important that budgeted contributions to the reserve funds be aligned with the Town's Long Range Financial Plan and Town past practices, including the infrastructure gaps identified through various reports and studies. On December 7, 2016 upon review of the Long Range Financial Plan, Council agreed in principle to

include an additional 1% of the total annual tax levy to each annual budget going forward to lessen the infrastructure gap. The additional tax of 1% equaled to \$387,200 in 2017.

The 2017 Budget also included contributions to reserves for capital and infrastructure purposes totalling \$3,157,550 and current year tax levy allocations of \$1,969,650. Further, the Town received \$1,346,477 from the Federal Gas Tax Program and \$628,270 from the Ontario Community Infrastructure Fund (OCIF). The Town has received Allocation Notices indicating that the Federal Gas Tax Program will increase its allocation to the Town in 2018 to \$1,386,060. Further, the OCIF will increase its allocation to \$891,489 in 2018 and \$1,382,660 in 2019. These additional funds are a welcomed funding opportunity to assist the Town in mitigating its capital infrastructure gap, and should therefore be allocated to capital reserve for future spending aligned with the Town's Long Range Financial Plan. As the annual budgets are developed, the aggregate annual funding envelope should be maintained and possibly enhanced, where possible. This will promote and enhance the Town's capital assets and related programs.

5. RELATIONSHIP TO STRATEGIC PLAN:

The Reserves and Reserve Funds Strategy contained herein provides several recommendations to enhance financial sustainability of the Town's service delivery and stewardship of the Town's capital assets, as well as rate stabilization, supporting the following goal in the Town's Strategic Plan:

Strategic Goal #4 "Provide Exceptional Municipal Service" – Organizational and Operational Excellence:

- Open, accountable and responsive government
- Proactive financial and municipal asset management
- Progressive organizational practices
- Engaged and collaborative leadership.

6. FINANCIAL AND BUDGETARY IMPACT:

The recommendations contained in this report provide the strategic goals and guidelines to enhance the Town's overall financial position, sustainability of service delivery, and stabilization rates related to property taxes, water and sewer, and other user fees in the long-term. However, in order to not cause any disruptions/confusions for the 2017 capital programs, it is recommended that the proposed changes to take place by the end of 2017, at the discretion of the Town Treasurer or designate. If Council approves the recommendations included in this report, the 2018 budget will be prepared in accordance with the approved categories of reserve and reserve funds.

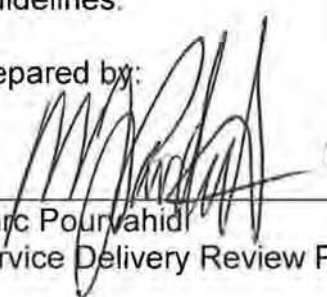
7. PUBLIC CONSULTATION AND NOTICE:

This report is administrative in nature and there has been no related public consultation.

8. CONCLUSION:

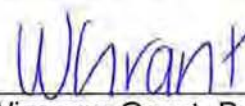
This report contains recommendations that Council receive and approve the Reserves and Reserve Funds Strategy and the related recommendations, strategic goals, and guidelines.

Prepared by:



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Approved by:



Winanne Grant, B.A., AMCT, CEMC
Chief Administrative Officer

Attachment 1 – Draft listing of Consolidated Reserves and Reserve Funds

ION DRAFT - ATTACHMENT 1

| Reserve | Balance | Source of Funding | Purpose |
|-------------------------------------|------------------|--------------------------------|--|
| NEW INFRASTRUCTURE RESERVE | | | |
| 1 New Infrastructure Reserve | | | |
| Glenwoods Trail | 21,999 | sale of land to developer | development of a trail system from Lowndes Avenue to the existing Glenwoods Trail |
| Entrance Features | 170,479 | annual budget allocations | funding for committee projects |
| Economic Initiatives | 1,459 | | |
| Ravenshoe Sidewalk | 125,000 | capital budget allocation | future land acquisitions |
| Land Sale Proceeds | 184,188 | land sale proceeds | to fund the growth related capital costs of the MURC that are not eligible for development charges |
| Multi-Use Recreation Centre (MURC) | 1,568,618 | annual budget allocations | MURC that are not eligible for development charges |
| Streetscaping | 61,152 | annual budget allocations | community betterment |
| Allocation Fees | 42,000 | developers | |
| Accessibility Projects | 421,341 | to fund accessibility projects | |
| Total | 2,596,235 | | |

LIFECYCLE REPLACEMENT RESERVES

2 Facilities - Repair & Replacement

| | | | |
|-------------------------|-----------|-------------------------------------|---|
| Leisure Facilities | 1,101,322 | annual budget allocations | infrastructure replacement/rehabilitation |
| Civic Centre | 594,819 | annual budget allocations | infrastructure replacement/rehabilitation |
| Leisure Pool | 191,480 | annual budget allocations | infrastructure replacement/rehabilitation |
| Arenas | 1,825,013 | annual budget allocations | infrastructure replacement/rehabilitation |
| Stephen Leacock Theatre | 87,566 | annual budget allocations | infrastructure replacement/rehabilitation |
| The ROC | 602,293 | annual budget allocations | infrastructure replacement/rehabilitation |
| Elmgrove Hall | 3,556 | cash to Town when Board collapsed | cash to Town when Board collapsed |
| The LINK | 7,814 | portion of lease revenues | infrastructure replacement/rehabilitation |
| Mechanic Shop | 21,880 | excess funding from setup of garage | |

| Reserve | Balance | Source of Funding | Purpose |
|---|------------------|-------------------------------|---|
| Jackson's Point Harbour | 2 | building repairs/replacements | infrastructure replacement/rehabilitation |
| Youth Centre | 147,300 | annual budget allocations | infrastructure replacement/rehabilitation |
| Animal Shelter | 86,311 | annual budget allocations | infrastructure replacement/rehabilitation |
| Historical Village | 185,514 | annual budget allocations | infrastructure replacement/rehabilitation |
| Roads Facilities | 333,203 | annual budget allocations | infrastructure replacement/rehabilitation |
| Fire Halls | 1,375,557 | annual budget allocations | infrastructure replacement/rehabilitation |
| Library Facilities | 1,271,712 | annual budget allocations | infrastructure replacement/rehabilitation |
| Green Initiatives | 166,033 | annual budget allocations | infrastructure replacement/rehabilitation |
| Alternate Energy Initiatives | 42,000 | annual budget allocations | |
| Total | 8,043,373 | | |
| 3 Fleet & Equipment - Repair & Replacement | | | |
| Leisure Fleet | 66,315 | annual budget allocations | vehicle and equipment replacement |
| Arenas Equipment | 386,832 | annual budget allocations | vehicle and equipment replacement |
| Parks Fleet | 1,321,438 | annual budget allocations | vehicle and equipment replacement |
| Roads Fleet | 1,618,686 | annual budget allocations | vehicle and equipment replacement |
| Recycling Equipment | 45,620 | annual budget allocations | vehicle and equipment replacement |
| Municipal Law Enforcement Fleet | 169,294 | annual budget allocations | vehicle and equipment replacement |
| Building Fleet | 52,760 | annual budget allocations | vehicle and equipment replacement |
| Building Maintenance Fleet | 322,751 | annual budget allocations | vehicle and equipment replacement |
| Engineering Fleet | 32,080 | annual budget allocations | vehicle and equipment replacement |
| Fire Equipment | 624,385 | annual budget allocations | vehicle and equipment replacement |
| Information Technology - GIS | 18,000 | annual budget allocations | vehicle and equipment replacement |
| Wireless Broadband Infrastructure | 40,000 | annual budget allocations | infrastructure replacement/rehabilitation |
| Information Technology - Hardware/Software | 320,237 | annual budget allocations | vehicle and equipment replacement |
| Information Technology Networks | 749,182 | annual budget allocations | vehicle and equipment replacement |
| Public Access Defibrillation (PAD's) | 31,047 | annual budget allocations | defibrillator purchases |
| Total | 5,798,627 | | |

| Reserve | Balance | Source of Funding | Purpose |
|--|------------------|---|--|
| 4 Roads - Repair & Replacement | | | |
| Road Restoration - Water and Sewer | 56,356 | | infrastructure replacement/rehabilitation |
| Road Construction | 22,562 | contingency fund | to fund roads construction cost overruns |
| Roads Rehab - Fill | 130,881 | fill permits | infrastructure replacement/rehabilitation |
| Tipping Fees | 10,000 | | to offset cost of tipping fees-increase was expected |
| Litter Initiatives | 7,072 | litter initiative project-never completed | |
| Weed Harvesting | 23,345 | funding from prior harvesting contract | |
| Gravel Pit Restoration | 26,746 | | to cover cost of remediating gravel pit |
| Birdsong Comp Agreement | 6,301 | developer/builder | new development fish spawn area |
| Total | 283,263 | | |
| 5 Parks - Repair & Replacement | | | |
| Trail Signage | 5,000 | | |
| Mosquito Control | 955 | | |
| Playground Equipment | 458,697 | annual budget allocations | infrastructure replacement/rehabilitation |
| Total | 464,652 | | |
| 6 Water - Fleet & Equipment - Repair & Replacement | | | |
| Water Fleet | 561,353 | annual budget allocations | vehicle and equipment replacement |
| Water Meters | 19,214 | | lifecycle replacement of water meters |
| Total | 542,139 | | |
| 7 Wastewater - Fleet & Equipment - Repair & Replacement | | | |
| Sewers Fleet | 210,949 | annual budget allocations | vehicle and equipment replacement |
| Total | 210,949 | | |
| 8 Water - Infrastructure - Repair & Replacement | | | |
| Water - Lifecycle Cost Recovery | 898,824 | annual budget allocations | infrastructure replacement/rehabilitation |
| Woodbine Watermain | 194 | project residual funding | |
| Total | 899,018 | | |
| 9 Wastewater - Infrastructure - Repair & Replacement | | | |
| Sewer - Lifecycle Cost Recovery | 1,171,280 | annual budget allocations | infrastructure replacement/rehabilitation |
| Total | 1,171,280 | | |

| Reserve | Balance | Source of Funding | Purpose |
|--|----------------|---|--|
| NEW OPERATION RATE STABILIZATION RESERVES | | | |
| 10 Tax Rate Stabilization Reserve | | | |
| General | 135,128 | annual tax levy budget allocations | to fund one-time and unforeseeable events |
| Insurance Reciprocal and Deductibles Organizational Review | 6,168 | | |
| | 43,876 | funding set aside to conduct review | to offset insurance deductible/claims |
| Emergency Management Planning Consultants | 45,315 | operating budget | emergency management exercise |
| | 141,502 | | funding set aside to offset cost of consultants |
| Ontario Municipal Board Costs | 93,137 | | to offset cost of OMB hearings |
| Training Courses | 26,410 | operating budget | training courses |
| Engineering Operations | 145,002 | excess revenues in Engineering Division | to offset operating costs in years with lower development revenues |
| Salary Increases | 45,000 | operating budget | to offset increased salary costs |
| PSAB Study of Tangible Capital Assets | 17,700 | excess funding from PSAB study | |
| Library Salaries | 9,190 | | offset pay equity adjustments |
| Physician Review | 12,000 | excess funding from recruitment project | physician recruitment |
| Total | 720,429 | | |
| 11 Water Rate Stabilization Reserve | | | |
| Water | 37,700 | annual water budget allocations, year end surplus | rate stabilization |
| Total | 37,700 | | |
| 12 Wastewater Rate Stabilization Reserve | | | |
| Sewer | 48,889 | annual sewer budget allocations, year end surplus | rate stabilization |
| Total | 48,889 | | |

| Reserve | Balance | Source of Funding | Purpose |
|---|-------------------|--|--|
| WSIB RESERVE | | | |
| 13 WSIB Reserve | | | |
| WSIB NEER Revenue | 106,403 | WSIB refund | to offset annual surplus/deficit WSIB |
| Total | 106,403 | | |
| WORKING CAPITAL RESERVE | | | |
| 14 Working Capital Reserve | | | |
| Working Capital | 1,802,442 | | to finance the day-to-day operations of the municipality and to provide interim financing during construction projects |
| Total | 1,802,442 | | |
| OTHER RESERVES: FURTHER REVIEW IS REQUIRED | | | |
| 15 Willow Beach Extra Servicing | | benefitting land owners - extra services | to cover future debenture payments |
| 16 Willow Beach Debentures -Water | 172,190 | benefitting land owners - commuted charges | to cover future debenture payments |
| 17 Willow Beach Debentures -Sewer | 1,938,317 | benefitting land owners - commuted charges | to cover future debenture payments |
| 18 Elections | 2,059,911 | annual budget allocations | to fund election costs every 4th year |
| 19 Animal Shelter Donations | 255,000 | public donations | emergency care of dogs and cats |
| 20 Landfill Site | 16,868 | Provincial Grant | landfill remediation |
| 21 Provincial Grant | 100,000 | annual budget allocations | unconditional grant |
| 22 Keswick Cemetery | 726,145 | | infrastructure replacement/rehabilitation |
| Total | 40,898 | | |
| TOTAL RESERVES: | 5,309,329 | | |
| TOTAL RESERVES: | 28,034,728 | | |

| Reserve | Balance | Source of Funding | Purpose |
|---|----------------|---|--|
| OTHER ITEMS | | | |
| Transfer Out of Reserves to a Liability | | | |
| Mayor's Golf Tournament and Charity Ride | 3,207 | sponsorships and donations | community initiatives |
| Source Water Protection | 15,574 | special project/study | change accounting treatment to Deferred Revenue, since the funds are restricted in their use |
| Total | 18,781 | | |
| Transfer Out of Reserves to Unfunded Capital | | | |
| Woodbine Sidewalks | 77,322 | | to offset costs related to Woodbine Avenue Servicing project |
| Woodbine S/S | 17,000 | excess funding from storm sewer project | to offset costs related to Woodbine Avenue Servicing project |
| Woodbine Servicing | 23,303 | | to offset costs related to Woodbine Avenue Servicing project |
| Total | 117,625 | | |
| Transfer Out of Reserves to Obligatory Reserves | | | |
| Building Code Operations | 992,140 | excess revenues in Building Division | to offset operating costs in years with lower development revenues |
| Total | 992,140 | | |
| Boards & Committees Surplus (Further Review is Required) | | | |
| Pefferlaw Hall | 480 | | excess funds from when the board folded |
| Udora Hall | 17,674 | annual surplus/deficit | day-to-day operating costs |
| Belhaven Hall | 17,998 | annual surplus/deficit | day-to-day operating costs |
| Jacksons Point BIA | 7,044 | annual surplus/deficit | day-to-day operating costs |
| Sutton BIA | 19,078 | annual surplus/deficit | day-to-day operating costs |
| Uptown Keswick BIA | 13,623 | annual surplus/deficit | day-to-day operating costs |
| Port Bolster Hall | 2,486 | annual surplus/deficit | day-to-day operating costs |
| Cooke's Cemetery | 22,897 | annual surplus/deficit | day-to-day operating costs |
| Library Board | 152,405 | annual surplus/deficit | day-to-day operating costs |
| Egypt Hall | 4,620 | annual surplus/deficit | day-to-day operating costs |
| Sutton Seniors | 4,744 | annual surplus/deficit | day-to-day operating costs |
| Total | 262,089 | | |

TOTAL OTHER ITEMS:

1,390,635

Attachment '1'

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