Request for Decision

Reserves, Reserve Funds and Trust Funds By-Law Update

Presented To:	Finance and Administration Committee
Presented:	Tuesday, Feb 11, 2020
Report Date	Wednesday, Jan 29, 2020
Type:	Managers' Reports

Resolution

THAT the City of Greater Sudbury directs staff to present a by-law to revise the Reserves, Reserve Funds and Trust Funds By-Law to reflect the changes outlined in the report entitled "Reserves, Reserve Funds and Trust Funds By-Law Update", from the General Manager of Corporate Services, presented at the Finance and Administration Committee meeting on February 11, 2020; and

THAT the City of Greater Sudbury approves the commitment of $2.2 million from the Human Resources Reserve Fund towards succession planning initiatives; and

THAT the City of Greater Sudbury adopts the policy contained in Appendix D of the report from the General Manager of Corporate Services dated February 11, 2020.

Signed By

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Digitally Signed Jan 29, 20

Division Review
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Relationship to the Strategic Plan / Health Impact Assessment

This report relates to the Asset Management and Service Excellence objective as well as the Economic Capacity and Investment Readiness objective.

Report Summary

This report provides an update to the Reserves and Reserve Funds By-law along with the establishment of a Reserves and Reserve Funds Policy.

Financial Implications

The changes outlined in this report will become effective and be reflected within the 2019 year-end audited financial statements.

Background

This report provides the Finance and Administration Committee with historical information on reserves and reserve funds, a proposed policy on reserve funds, as well as proposed changes for the reserve fund by-law.

The chart below provides a summary of reserves and reserve funds. Reserves and reserve funds are funds set aside for a specific purpose and the difference between the two is that a reserve fund earns interest whereas a reserve does not. The committed portion represents funds set aside within reserves that have already been approved to be spent towards capital projects or set aside for future operating liabilities but not yet spent.

	2014	2015	2016	2017	2018
Reserves	$5,550,896	$8,165,551	$7,143,741	$6,616,212	$4,211,029
Reserve Funds	150,673,781	156,746,835	152,129,306	136,283,349	143,232,139
Total	156,224,677	164,912,386	159,273,047	142,899,561	147,443,168
Committed Portion - Capital	70,210,387	67,170,595	86,199,863	75,084,440	49,877,993
Committed Portion - Operating	1,949,655	9,688,446	10,095,034	9,822,551	8,350,255
Total after Committed Portion	$84,064,636	$88,053,345	$62,978,150	$57,992,570	$89,214,920

Importance of Reserve Funds

Reserves are monies authorized by Council to be set aside for future capital and operating needs. They are a key component of the City's long-term financial strategy, supporting the City's priority of achieving long-term financial viability. The City's reserves and reserve funds are maintained by the City for four main purposes:

- To support the sustainability of assets by providing for the renewal, major maintenance and replacement of existing capital assets;
- To smooth the financial impact of unplanned cost increases or revenue reductions, or to stabilize fluctuations on property taxation and/or other fees;
- To respond to or capitalize on opportunities that could impact services such as government matching grants, private sector partnerships or other alternative service delivery methods; and
- To fund new capital assets to address community growth.

Reserves support effective long-term planning by matching revenues and expenses over the long-term to ensure the sustainability of services and assets. They also provide Council financial flexibility to capitalize on unanticipated opportunities and respond to budget shortfalls that could otherwise result in property tax increases. In addition, a well-balanced approach to the planning and use of reserves is considered good financial management and contributes to the City's strong credit rating.

Comparison to Other Municipalities

The chart below shows that Greater Sudbury is below the average range of our BMA comparators for all indicators. It is important to highlight that the City earned AA credit rating from S&P Global in 2019 based on its practice of strong financial management, including responsible reserves stewardship. Standard & Poors did however note that reserves were lower than comparable municipalities.

Municipalities have limited sources of funding to establish and replenish reserves & reserve funds. Municipalities either plan and manage reserve balances, or the annual surpluses and deficits determine the year end balances. The City has been doing the latter and recommending a change to improve the long-term planning of reserves.

Indicator	CGS 2015	CGS 2016	CGS 2017	CGS 2018	BMA Average 2018	BMA Median 2018
Reserves per capita	$998	$994	$865	$887	$1,034	$885
Debt to reserve ratio	0.20	0.50	0.50	0.50	0.90	0.50
Tax Discretionary Reserves as % of Taxation	57%	52%	44%	39%	72%	78%
Discretionary Reserves as % of Own Source Revenues	41%	38%	33%	29%	56%	56%

The City's discretionary reserve funds in comparison to other municipalities are lower than average. The City's tax discretionary reserves as a percent of taxation in 2018 was 39% while the BMA average was 72% and the BMA median was 78%. This is an indication that the City does not have as much flexibility to use reserve funds to immediately address unanticipated expenditures; when the committed portion of these reserve funds are spent these ratios will be even lower. With unplanned asset failures and climate change effects, the risk is growing that reserves are insufficient to continue using them the same way we have in the past. We need to plan and fund reserves with dedicated allocations to lower the risk.

Proposed Changes to the Reserve Fund By-Law

1. Consolidation of Reserve Funds

In reviewing the reserve funds, there were a number of reserves that were identified that do not require separate tracking and therefore it is recommended that these reserve funds be consolidated with the Tax Rate Stabilization Reserve and the Capital Financing General Reserve Fund, as shown in Appendix A. Any commitments associated with the consolidated reserve funds will be transferred to the Tax Rate or Capital Financing General committed accounts.

The Capital Budget Policy takes an enterprise-wide approach to prioritizing and funding capital projects, therefore a number of reserve funds have been consolidated to support enterprise-wide planning and prioritization. This has reduced the number of reserve funds outstanding which has helped to improve efficiency in monitoring and tracking the reserves.

The reserve funds that will be consolidated are shown in Appendix A and will become effective in the 2019 year end financial statements.

2. Minimum Targets and Other Changes to Reserve Funds

Based on the Long-Term Financial Plan, prepared by KPMG in April 2017, it recommended that the City review the current reserve funds and establish minimum and maximum amounts for some of the reserves. Specifically, it recommended that review of the reserve funds will help to establish minimum amounts to ensure the sufficiency of these funds to meet future service sustainability needs. In reviewing the reserve funds, this would also include a reevaluation of the reserves where minimum and maximum amounts have already been established.

A minimum target has been determined for some reserve funds based on professional judgment to manage risk in areas where it has been deemed appropriate. This will help to ensure sufficiency of the fund balances and the City's ability to improve its financial position in comparison to other municipalities. If a reserve fund balance does not meet the minimum target, attention will be given to those reserve funds and effort will be made to increase the fund balances to the minimum target level. A rationale in selecting the minimum targets for certain reserve fund has been established and is shown in Appendix B.

There is no recommendation for a maximum target as the needs are so great that there is not any risk that a reserve will have too much funding available.

Starting with the 2021 Budget, staff will recommend that the Budget direction include a contribution to reserves that will be prorated (based on the recommended minimum levels) to the three main reserves being:

- Tax Rate Stabilization Reserve
- Capital Financing General Reserve Fund
- Winter Control Reserve Fund

A contribution to the reserve funds will enable the City to increase the reserves to maintain financial stability and long-term financial planning.

Appendix B also provides information on the reserve funds that will remain in the Reserve Fund By-law along with their revenue sources and purpose.

3. Obligatory Reserve Funds

Appendix C is a listing of all obligatory reserve funds and the purpose and use of the funds as it relates to various agreements or acts.

The Appendix includes new obligatory reserve funds which will be added to the Reserves and Reserve Funds and they are: Subwatershed Provincial Fund Reserve Fund, OMCC Provincial Grant Reserve Fund, AMO Funding Reserve Fund. These additions reflect new funding agreements where funds must remain in a separate account and earn interest until fully spent.

In addition, there are a few obligatory reserve funds which will be removed when the balances are zero and include the Development Charges – Cemetery Services Reserve Fund and the Development Charges – Public Works. The reason for the removals is due to the fact that the City no longer collects development charges for cemetery services or public works.

4. Greater Sudbury Housing Corporation

This policy and by-law excludes the Greater Sudbury Housing Corporation (GSHC) as the GSHC has its own reserve funds and policy including limits.

Reserve and Reserve Fund Policy

Appendix D includes the recommended Reserve and Reserve Fund Policy which outlines the management and administration of the City's reserves and reserve funds.

Commitment for Succession Planning Request

In 2007 and 2009, Council approved a fund in the amount of $2.9 million to be established to assist the City to address short- and long-term human resource planning needs.

Since 2007, the succession fund has supported the hiring and successful transfer of knowledge for forty-six (46) positions, under three categories:

1. Apprentice and Co-Operative Education Placements (Technicians) – funds apprenticeships in positions that have pending retirements in difficult to attract fully licenced skilled trades.
2. Pre-hire – provide overlap between outgoing employee and replacement hire.
3. Strategic hire – positions that support succession initiatives or anticipated retirements that require significant organizational information, experience and skills.

A portion of the funds were reserved for outreach recruitment with most of the funds used for pre-hiring and strategic hiring for key positions and support for apprenticeship and co-operative educational opportunities. Within the next 5 years, the organization forecasts that approximately 15% of staff can retire. While this does not indicate with certainty that these employees will retire, their eligibility creates a vulnerability for the City. The Executive Leadership Team assesses and calibrates its talent pipeline for key roles in the organization through a series of Talent Management activities. These activities lead to steps with individual employees such as arranging developmental assignments, training and leadership education, and overlap with retiring employees. The succession management guidelines authorized by Council in 2007 establishes the kinds of activities that are eligible for funding through the use of these succession management funds.

Coupled with the potential upcoming wave of retirements within the City, there is a recognized shortage that will continue to grow within the technical and skilled trade roles. The Ontario Chamber of Commerce (OCC) conducted a study that indicated over 50% of employers recruiting for a role within engineering and infrastructure reported difficulty in recruiting. Ten out of the 57 inside unit/non union jobs (17%) we focused on required reporting. This does not speak to whether or not the second round of recruitment was successful. The areas of focus were: IT, Finance/Accouning and Technical positions from GIS. The City's experience with engineering, leadership and top technical roles is similar. Our experience is consistent with the OCC's report.

These challenges within our workforce and within the labour market support the continued need to allocate succession funds to ensure that the City can attract prospective employees to the City to key roles and support their integration into our workforce.

As a result, staff is requesting that $2.2 million be committed from the Human Resources Reserve Fund to continue with succession planning initiatives as outlined in this report.

Conclusion:

Staff recommends that Council adopts the Reserve and Reserve Fund Policy as well as the changes as outlined in this report. These changes will be reflected within the Reserves, Reserve Funds and Trust Funds By-law and will become effective for the 2019 year end financial statements.

Appendix A - Reserve Fund Consolidations

The reserves and reserve funds in the table below have been consolidated into other reserve funds and a rationale to explain the change.

Reserve or Reserve Fund	Consolidated	Balance as of December 31, 2018	Rationale
Land Reclamation	Tax Rate Committed	$ 514,300	Separate reserve is not required and can be tracked within Tax Rate Reserve Committed.
Various Expenditures	Tax Rate Committed	$ 338,145	Separate reserve is not required and can be tracked within Tax Rate Reserve Committed.
Ontario Works	50/50 to Tax Rate and Capital General	$ 340,150	Separate reserve is not required. In future years, if any deficit in Ontario Works, it will be funded from overall corporate operating surplus or funded from Tax Rate Stabilization Reserve. The balance is split 50/50 as original funds were allocated from a prior year surplus, if it remained in surplus, would have been transferred 50/50 to these two reserve funds.
Vector Bourne Disease	Funds Previously Uncommitted	$ -	The balance was uncommitted in 2018 and reserve must be removed from by-law.
Auditor General	Tax Rate Uncommitted	$ 239,169	Separate reserve is not required. In future years, if additional funds are required for AG office, it can be included within annual operating budget or separate Council report with Tax Rate Stabilization Reserve as funding source.
Accessibility	Capital General Committed	$ 205,507	Separate reserve is not required. Purpose of reserve is for capital projects relating to accessibility. Annual budgeted funding of $50K can be contributed to Capital General RF Uncommitted for future capital projects. Any accessibility capital projects should follow the capital prioritization process and be funded as part of the annual capital budget.
Land Acquisition	Capital General RF	$ 3,506,640	Separate reserve fund is not required. Purpose of funds is to purchase land required by the City for various purposes. In past years, the reserve fund increases from sale of land. Any purchase of land is typically required for a capital project and should follow the capital priorization process and be funded from contribution from capital. Any closed reports to Council will include the CFRF General as the funding source.
Community Initiatives	Tax Rate Uncommitted	$ 16,475	Separate reserve fund is not required and can be tracked within Tax Rate Reserve Committed.
VETAC	Tax Rate Committed	$ 5,286	Separate reserve fund is not required and can be tracked within Tax Rate Reserve Committed.
Drains & Stormwater	Capital General RF	$ 1,655,419	In future years, this operating department will not be balanced from this reserve fund. Any operating deficit will be funded by the overall corporate operating surplus or from the Tax Rate Stabilization Reserve. This reserve fund main use is towards drain and stormwater capital projects and thus should be transferred to CFRF Uncommitted and used as funding source towards annual capital budget.
Drains & Stormwater Committed	Capital General RF Committed	$ 7,788,449	Separate reserve fund is not required and can be tracked within Capital General Committed.
Economic Development	Tax Rate Uncommitted	$ 21,575	Separate reserve fund is not required. If additional funds are required in this area, can be included within annual operating budget or separate Council report with funding source being Tax Rate Stabilization Reserve.
Economic Development - Committed	Tax Rate Committed	$ 130,930	Separate reserve fund is not required and can be tracked within Tax Rate Committed.
		$ 14,762,045	

Total to be transferred to CFRF Uncommitted	$	5,332,134	for future capital projects and land purchases
Total to be transferred to CFRF Committed	$	7,993,956	
Total to be transferred to Tax Rate Reserve Uncommitted	$	447,294	for future one-time projects/initiatives and to offset any future operating deficits
Total to be transferred to Tax Rate Reserve Committed	$	988,661	
Total Transfers	**$**	**14,762,045**	**Amount to be transferred will be lower due to approvals and transactions in 2019 and pending 2019 year end adjustments.**

Appendix A - Reserve Fund Consolidations (continued)

Reserve or Reserve Fund	Consolidated	Balance as of December 31, 2018	Rationale
Information Technology	Capital General	$ 2,599,813	Due to enterprise wide approach of capital prioritization.
Information Technology - Committed	Capital General Committed	$ 516,847	Due to enterprise wide approach of capital prioritization.
Transit	Capital General	$ 44,090	Due to enterprise wide approach of capital prioritization.
Transit - Committed	Capital General Committed	$ 89,471	Due to enterprise wide approach of capital prioritization.
Recycling Equipment	Capital General	$ 758,570	Due to enterprise wide approach of capital prioritization.
Recycling Equipment - Committed	Capital General Committed	$ -	Due to enterprise wide approach of capital prioritization.
Environmental Services	Capital General	$ 84,572	Due to enterprise wide approach of capital prioritization.
Environmental Services - Committed	Capital General Committed	$ 92,436	Due to enterprise wide approach of capital prioritization.
CLELC	Capital General	$ 210,039	Due to enterprise wide approach of capital prioritization.
Peoplesoft / ERP	Capital General	$ 1,743,827	Due to enterprise wide approach of capital prioritization.
Peoplesoft / ERP - Committed	Capital General Committed	$ 360,545	Due to enterprise wide approach of capital prioritization.
Planning	Capital General	$ 649,775	Due to enterprise wide approach of capital prioritization.
Planning - Committed	Capital General Committed	$ 570,775	Due to enterprise wide approach of capital prioritization.
Corporate Infrastructure	Capital General	$ 5,098	Due to enterprise wide approach of capital prioritization.
Corporate Infrastructure - Committed	Capital General Committed	$ 48,404	Due to enterprise wide approach of capital prioritization.
Administrative Infrastructure	Capital General	$ 212,494	Due to enterprise wide approach of capital prioritization.
Administrative Infrastructure - Committed	Capital General Committed	$ -	Due to enterprise wide approach of capital prioritization.
Public Works Building	Capital General	$ 520,244	Due to enterprise wide approach of capital prioritization.
Public Works Building - Committed	Capital General Committed	$ 527,821	Due to enterprise wide approach of capital prioritization.
Emergency Management	Capital General	$ 67,749	Due to enterprise wide approach of capital prioritization.
Emergency Management - Committed	Capital General Committed	$ -	Due to enterprise wide approach of capital prioritization.
Roads	Capital General	$ 6,344,820	Due to enterprise wide approach of capital prioritization.
Roads - Committed	Capital General Committed	$ 10,844,676	Due to enterprise wide approach of capital prioritization.
Health & Social Services	Capital General	$ 426,305	Due to enterprise wide approach of capital prioritization.
Health & Social Services - Committed	Capital General Committed	$ 42,250	Due to enterprise wide approach of capital prioritization.
Fire	Capital General	$ 388,870	Due to enterprise wide approach of capital prioritization.
Fire - Committed	Capital General Committed	$ -	Due to enterprise wide approach of capital prioritization.
Leisure Services	Capital General	$ 1,162,685	Due to enterprise wide approach of capital prioritization.
Leisure Services - Committed	Capital General Committed	$ 690,685	Due to enterprise wide approach of capital prioritization.
		$ 29,002,861	

Transfers Completed from Change in Capital Budget Policy:

Total transferred to CFRF Uncommitted	$	15,218,951	Note - portion of these funds have been used in 2019 Capital Budget, 2019 Operating Budget, and to fund creation of Holding Account
Total transferred to CFRF Committed	$	13,783,910	Note - amount will be reduced as spending is incurred.
Total	**$**	**29,002,861**	

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Tax Rate Stabilization	$ 1,077,620	This Reserve provides for year to year variances in the operating budget.	Half of any annual operating surplus and any approved project with a surplus or if the project was cancelled will be credited back to this Reserve if originally funded from this reserve. Any other revenues shall be authorized by Council.	Half of any annual operating deficit shall be charged to this Reserve. Any other expenditures shall be authorized by Council.	By-law will include wording to reflect annual budgeted contributions to this reserve.	No changes.	3% of annual property taxation levy	$ 8,700,000	Stabilization in part funds emergent issues and offset unrealized revenues or higher expenses than budgeted (annual operating deficits).
Organizational Development Reserve	$ 341,012	This Reserve provides funding for training and development of City staff.	Shall be funded by any annual under-expenditure in all training related budget line accounts (as listed in by-law) providing such contributoin shall not put the City into a deficit position or increase a deficit.	This reserve shall be used only for the purpose of funding the training and development of City staff and is a working reserve.	No changes.	No changes.	None	None	No minimal level is recommended.
Holding Account - General	$ -	This Holding Account reserve is to be used for capital projects that are funded from the tax levy.	Any surplus from a capital project funded from the tax levy shall be contributed back to this Reserve.	This reserve may be used to fund deficits for capital projects that were funded from the tax levy based on limits in accordance with the Capital Budget Policy.	No changes.	No changes.	$4,000,000	$ 4,000,000	Amount as per Capital Budget Policy
Holding Account - Water	$ -	This Holding Account reserve is to be used for Water capital projects.	Any surplus from a capital project funded from the Water user fees shall be contributed back to this Reserve.	This reserve may be used to fund deficits for Water capital projects based on limits in accordance with the Capital Budget Policy.	No changes.	No changes.	$1,500,000	$ 1,500,000	Amount as per Capital Budget Policy

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Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Holding Account - Wastewater	$ -	This Holding Account reserve is to be used for Wastewater capital projects.	Any surplus from a capital project funded from the Wastewater user fees shall be contributed back to this Reserve.	This reserve may be used to fund deficits for Wastewater capital projects based on limits in accordance with the Capital Budget Policy.	No changes.	No changes.	$ 1,500,000	$ 1,500,000	Amount as per Capital Budget Policy
CGS Sick Leave	$ 4,432,711	This Reserve Fund provides for year to year variances in the operating budget to cover sick leave for retiring employees.	This Reserve Fund shall be funded from the budgeted contributions from the operating budget.	Expenditures from this Reserve Fund are to be used to pay sick leave to retiring employees in accordance with the policies of the City of Greater Sudbury.	No changes.	No changes.	80% of liability amount	$ 3,520,000	Liability amount on annual F/S was $4.4M at Dec 31/18.
Police Sick Leave	$ 1,920,530	This Reserve Fund provides for year to year variances in the operating budget to cover various payments such as sick leave, top up, retirement leave, etc. for Greater Sudbury Police Service employees.	This Reserve Fund shall be funded from the budgeted contributions from the operating budget.	Expenditures from this Reserve Fund are to be used to pay for various payments (i.e. sick leave, top up, retirement leave, etc.) to Greater Sudbury Police Service employees in accordance with policies of the Greater Sudbury Police Service Board.	No changes.	No changes.	None	None	No minimum level recommended.
CGS Post Employment Benefits	$ 1,118,896	This Reserve Fund can be utilized for the purpose of funding post employment benefits.	This Reserve Fund is funded from surplus (if any) from the Pensioners cost centre and any budgeted contribution for this purpose provided that such a contribution would not put the City into a deficit position or increase a deficit.	Expenditures from this Reserve Fund may only be used for the purpose of funding post employment expenses unless authorized by Council.	No changes.	No changes.	10% of liability amount	$ 3,450,000	Liability amount on annual F/S was $34.5M at Dec 31/18.
Police Benefits Part 65	$ 483,256	This Reserve Fund can be utilized for the purpose of funding post 65 benefits.	This Reserve Fund can be funded: a) From excess funds from the operating budget provided that such a contribution would not put the City into a deficit position or increase a deficit. b) From contributions from the annual operating budget.	Expenditures from this Reserve Fund may only be used for the purpose of funding post 65 benefits unless authorized by the Board.	No changes.	No changes.	None	None	No minimum level recommended.

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Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
HR Management	$ 4,586,492	This fund can be utilized for initiatives targeted to reduce or control expenses to the benefit plans and sick leave reserve fund. Funding of such initiatives are subject to a positive cost/benefit analysis and further subject to the approval of the Director of Human Resources and Organizational Development.	This Reserve Fund shall be funded from net under expenditures in employee benefit programs, excluding WSIB but including any funds held in reserve by the City's benefit carrier. Net over expenditures in these same programs may be charged to this Reserve Fund. Any contributions to this Reserve Fund not covered above shall be authorized by Council.	Expenditures may be made from this Reserve Fund, on the direction of the City's Chief Administrative Officer, in order to fund exit packages and other similar arrangements. Any expenditures from this Reserve Fund not covered above shall be authorized by Council.	No changes.	No changes.	$3,000,000	$ 3,000,000	Minimum recommended for potential expenses relating to employees and long term commitments.
HR Mgmt - Committed	$ 2,161,770	This fund can be utilized for initiatives targeted to reduce or control expenses to the benefit plans and sick leave reserve fund. Funding of such initiatives are subject to a positive cost/benefit analysis and further subject to the approval of the Director of Human Resources and Organizational Development.	This Reserve Fund shall be funded from net under expenditures in employee benefit programs, excluding WSIB but including any funds held in reserve by the City's benefit carrier. Net over expenditures in these same programs may be charged to this Reserve Fund. Any contributions to this Reserve Fund not covered above shall be authorized by Council.	Expenditures may be made from this Reserve Fund, on the direction of the City's Chief Administrative Officer, in order to fund exit packages and other similar arrangements. Any expenditures from this Reserve Fund not covered above shall be authorized by Council.	No changes.	No changes.	$2,000,000	$ 2,000,000	Minimum amount is for variances relating to employee benefits provider.
WSIB Schedule 2	$ 1,764,792	This Reserve Fund shall be used for payment of invoices under Schedule 1 and Schedule 2 of the WSIB Act, and other related expenses.	This Reserve Fund shall be funded annually through the operating budget, including any WSIB Schedule 1 New Experimental Experience Rating (NEER) program rebates and funds received from participating on WSIB Safety Group Committees. Any contributions from this Reserve Fund not covered above shall be authorized by Council.	Expenditures may be made from this Reserve Fund for Workplace Health and Safety Claims Management, Early Intervention and Training Seminars relating to the NEER Program, payment of invoices relating to WSIB Schedule 1 NEER Program surcharges and other related programs. Any expenditures from this Reserve Fund not covered above shall be authorized by Council.	No changes.	No changes.	3% of annual payroll	$ 6,600,000	Minimum for potential claims - greater likelihood of claims with Police, Fire, EMS, etc
WSIB Schedule 2 Committed	$ 4,242,557	This Reserve Fund is the committed portion of the WSIB Schedule 2 set aside to fund any potential future catastrophic claims.	This Reserve Fund shall be funded to the minimum amount for future claims from the WSIB uncommitted reserve fund.	This is a working reserve fund to fund any future catastrophic claims.	No changes.	No changes.	Potential future catastrophic claims	$ 3,000,000	Minimum for potential future catastrophic claims.

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Election	$ 1,274,039	To amortize the cost of a municipal election over 4 years, rather than expensing the entire amount in the year of the election.	This Reserve Fund shall be funded by an annual contribution from the operating budget.	This Reserve Fund shall be used to fund election related expenditures.	No changes.	No changes.	None	None	No minimums are recommended as the balance would increase over every 4 years to ensure funds available for the municipal election or other election expenses.
Insurance	$ 838,869	This Reserve Fund shall be used for payment of insurance claims, uilding property valuation projects and updates, and other related expenses.	This Reserve Fund shall be funded by an annual contribution from the operating budget and insurance recovereies related to first party losses.	This Reserve Fund shall be used for payment of insurance claims at or below the deductible limit, and other related expenses, such as but not limited to third party brokers, adjusters and legal fees. This Reserve Fund shall also be used to fund building property valuation projects and updates.	No changes.	No changes.	1% of property taxation levy	$ 2,900,000	Minimum for potential insurance claims as well as events that may not be covered by insurance (eg. 2018 wind storm)
Parking	$ 467,086	This Reserve Fund shall be used for capital parking projects.	Net proceeds from all parking operations in excess of the net opeating budget shall be credited to this Reserve Fund. Any excess funding from Parking capital projects shall be credited to this Reserve Fund.	This Reserve Fund shall be used to fund any operational net over expenditures in the Parking operating budget. Expenditures from this Reserve Fund shall be authorized by Council.	By-law will include wording for the following: a) that proceeds on sale of assets be transferred to this reserve fund; b) that any project surplus be transferred to this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	By-law will include wording that any related project deficit will be funded from this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	10% of operating budget and 5% of asset replacement value	$ 545,000	Minimum should be based on % of operating expenses and % of asset replacement costs.
Pioneer Manor Donations	$ 75,191	This is Reserve Fund is to be used for projects deemed beneficial to Pioneer Manor and its residents.	Net revenue from fund raising activities at Pioneer Manor shall be credited to this Reserve Fund.	Expenditures shall be made from this Reserve Fund to fund projects deemed beneficial to Pioneer Manor and its residents. Expenditures from this Reserve Fund in excess of $25,000 shall be authorized by Council.	No changes.	No changes.	None	None	Based on donations received that are set aside for future spending.

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Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Social Housing	$ 7,823,628	This Reserve Fund shall be used for Social Housing capital projects as authorized by Council.	Any annual net under expenditure in the Social Housing operating budget shall be credited to this Reserve Fund, to allow it to rise to $10 million, if such contribution will not put the City in a deficit position or increase an existing deficit. If the combined net under expenditures of the Library/Citizen Service Centre, Land Reclamation, Organization Development, Social Housing, Police Services and Information Technology is less than the City's overall surplus then each respective reserve will receive a prorated share of the accumulated operating surplus based on their net under expenditure.	Any annual net over expenditure in the Social Housing operating budget may be funded from this Reserve Fund. Expenditures from this Reserve Fund shall be authorized by Council.	No changes.	No changes.	2% of asset replacement value of $350 million	$ 7,000,000	Minimum for future capital replacements and projects based on asset replacement value which was $350M on F&A Committee report on Oct 22 2019.
Industrial Park	$ 3,399,723	This Reserve Fund shall be used for operating services and capital projects for the City's industrial parks and other industrial lands.	All net revenues from land sales in the City's industrial parks and other industrial lands shall be deposited into this Reserve Fund.	Expenditures that pertain directly to these land sales, such as legal fees, lot survey fees, mortgage payments, real estate commissions, and similar expenses may be netted against the proceeds. Expenditures may also be made from this Reserve Fund for the improvement of City's lands within the Industrial Parks or other City industrial lands, including landscaping, lighting, fencing and the placing of signs, and for costs incurred in the development of the Industrial Parks. Expenditures may also be made from this Reserve Fund for the acquisition and development of additional land for industrial purposes. Expenditures may also be made from this Reserve Fund to fund the City's share for upgrading of City related infrastructure (i.e. Roads, Water/Wastewater linear pipes, etc.) relating to Industrial Park Land Development and/or Development Cost Sharing Policy for Industrial Parks. Authorization of Council is required to spend from this Reserve Fund.	No changes.	No changes.	None	None	No minimum level recommended.

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Regional Business Centre	$ 453,787	This Reserve Fund was first established by the former Regional Municipality of sudbury subsequent contributions were made by partners in the Business Centre. This is a working Reserve Fund	Any year-end net under expenditures in Business Centre operations shall be credited to this Reserve Fund such that a contribution would not put the City into a deficit position or increase a deficit and any year-end net over expenditures in Business Centre operations may be funded from this Reserve Fund.	Expenditures may be made from this Reserve Fund for Business Centre purposes.	No changes.	No changes.	None	None	No minimum amount recommended. If RF is depleted, then this service should be funded from annual tax levy.
Communications Infrastructure	$ 523,401	This Reserve Fund shall be used to fund operational expenditures and capital projects under the Communications Infrastructure.	Annual budgeted amounts shall be contributed to this Reserve Fund for replacement of Community Infrastructure. Any excess funds from Communication Infrastructure capital projects shall be credited to this Reserve Fund. Any annual net under expenditures in the Communications Infrastructure operating budget shall be credited to this Reserve Fund.	This Reserve Fund shall be used to fund any operational net over expenditures in the Communications Infrastructure operating budget. Expenditures up to $25,000 may be made from this Reserve Fund with the authorization of the Chief of Emergency Services and/or Director of Corporate Services (Police). Expenditures over $25,000 require the authorization of Council.	No changes.	No changes.	None	None	No minimum level recommended.
Winter Control Roads	$ 0	This Reserve Fund shall be used to fund Roads Winter Control expenditures.	Any or all Roads Winter Control under expenditures shall be credited to this Reserve Fund to allow it to rise to the level of $5,000,000 provided the contribution in any year would not place the City into a deficit position or increase a deficit position.	Any Roads Winter Control over expenditures may be funded from this Reserve Fund.	By-law will include wording to reflect annual budgeted contributions to this reserve.	No changes.	Total deficit of last 3 years	$ 6,600,000	Minimum should be based on total deficits in last 3 years, which for 2016 to 2018 was $6.6 million.
Police Services Donations	$ 173,120	This Reserve Fund shall be used for the purpose of crime prevention initiatives as the Greater Sudbury Police Services Board deems suitable.	This Reserve Fund shall be funded by an annual contribution of any excess donation proceeds net of related expenditures in that year.	This Reserve Fund shall be used only for the purpose of crime prevention initiatives as the Greater Sudbury Police Services Board deems suitable, without further authorization from Council.	No changes.	No changes.	None	None	No minimum level recommended.

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Police Services Board	$ 35,431	This Reserve Fund shall be used for any purpose that the Greater Sudbury Police Service Board considers in the public interest in accordance with Sections 132 and 133 of the Police Services Act and for such charitable or other events as the Board deems suitable.	This Reserve Fund shall be funded from the Greater Sudbury Police Service Board Auction held annually, interest earned from fund investments, and monies recovered as a result of seized property.	This Reserve Fund shall be used for any purpose that the Greater Sudbury Police Service Board considers in the public interest in accordance with Sections 132 and 133 of the Police Services Act and for such charitable or other events as the Board deems suitable, without further authorization from Council. A Statement of Revenues and Expenditures shall be provided to the Financial Services Division of the City of Greater Sudbury by the Greater Sudbury Police Service Board no later than February 15 in each year, prepared as at December 31st of the previous year.	No changes.	No changes.	None	None	No minimum level recommended.
Library & Citizen Service Centre	$ 408,158	This Reserve Fund can be utilized for the purpose of funding any net over expenditures over the Library/Citizen Service operating budget as well as capital projects.	Any annual net under expenditures in the Library/Citizen Service Centre operating budgets shall be credited to this Reserve Fund only if such contribution will not put the City in a deficit position or increase an existing deficit. If the combined net under expenditures of the Library/Citizen Service Centre, Land Reclamation, Organizational Development, Social Housing, Police Services, and Information Technology is less than the City's overall surplus then each respective reserve will receive a prorated share of the accumulated surplus based on their net under expenditure. Any excess funds from Library/Citizen Services capital projects shall be credited to this reserve fund.	This Reserve Fund may be used to fund any net over expenditures in the Library/Citizen Service operating budget. This Reserve Fund shall be used for Library/Citizen Services capital projects. Expenditures over $25,000 from this Reserve shall be authorized by Council, otherwise authorization from the Library Board is required.	No changes.	No changes.	None	None	No minimum recommended as Library Board can spend up to $25K per project without Council approval; used to offset operating deficit; and for capital projects.

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Cemeteries	$ 353,276	This Reserve Fund shall be used for cemetery capital projects.	Any annual net under expenditure in the Cemetery operating budget shall be credited to this Reserve fund. Any excess funding from Cemetery capital projects shall be credited to this Reserve Fund.	This Reserve Fund shall be used to fund any operational net over expenditures in the Cemetery operating budget. Authorization of Council is required for spending from this Reserve Fund.	By-law will include wording for the following: a) that proceeds on sale of assets be transferred to this reserve fund; b) that any project surplus be transferred to this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	By-law will include wording that any related project deficit will be funded from this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	None	None	No minimum level is recommended. If RF is depleted, then this service should be funded from annual tax levy.
199 Larch Street	$ (14,909)	This Reserve Fund shall be used for capital projects at 199 Larch Street.	Any annual operating budget net under expenditures shall be contributed to this Reserve Fund. Any excess funds from 199 Larch Street capital projects shall be credited to this Reserve Fund.	Any annual net over expenditure in the 199 Larch Street operating budget may be funded from this Reserve Fund. Any expenditures from this Reserve Fund shall be authorized by Council.	By-law will include wording for the following: a) that proceeds on sale of assets be transferred to this reserve fund; b) that any project surplus be transferred to this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	By-law will include wording that any related project deficit will be funded from this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	5% of building replacement cost	$ 3,000,000	Minimum amount based on % of replacement cost for future capital replacement projects.
Health Community Initiatives	$ 9,073	This Reserve Fund shall be used to support funding of capital projects requests that follow the guidelines of the Healthy Community Initiative Fund Policy.	Allocate 2% of funds annually from the City budget to the Healthy Community Initiative Fund.	This Reserve Fund shall be used to award grants that are in accordance with the Health Community Initiatives. All grants must be authorized or approved by By-law of Council, in accordance with the Municial Act, 2001.	No changes.	No changes.	2% of annual HCI allocation per HCI by-law	$ 9,000	HCI of 2% of annual funds

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Fleet - Equip & Vehicle	$ 1,882,056	This Reserve Fund shall be used to purchase fleet equipment and vehicles as authorized by Council.	Annual equipment rates shall contain a provision for straight-line replacement depreciation, which shall form contributions to this Reserve Fund. Proceeds from the sale of used Fleet equipment or vehicles shall be credited to this Reserve Fund.	This Reserve Fund shall be used to purchase fleet equipment and vehicles as authorized by Council.	By-law will include wording for the following: a) that proceeds on sale of assets be transferred to this reserve fund; b) that any project surplus be transferred to this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	By-law will include wording that any related project deficit will be funded from this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	2019 annual capital program	$ 3,500,000	Minimum based on annual capital program so funds available if unplanned replacements required for significant heavy duty vehicles and equipment.
Police - Equipment	$ 1,437,461	This Reserve Fund shall be used to purchase new Police equipment and vehicles as determined by the Greater Sudbury Police Services Board, and in accordance with the Police equipment replacement plan.	Annual contributions to this Reserve Fund shall be made in accordance with Greater Sudbury Police Services Board operating budget. Any excess funds from Police Services Equipment/Vehicle Replacement capital projects shall be credited to this Reserve Fund. Proceeds from the sale of used Police vehicles and equipment shall be credited to this Reserve Fund.	This Reserve Fund shall be used to purchase new Police equipment and vehicles as determined by the Greater Sudbury Police Services Board, and in accordance with the Police equipment replacement plan.	By-law will include wording that proceeds on sale of assets be transferred to this reserve fund	No changes.	None	None	No minimum level recommended.

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Equipment & Vehicle Replacement - Parks	$ 296,660	This Reserve Fund shall be used to purchase new parks equipment and vehicles as authorized by Council.	Annual budgeted amounts shall be contributed to this Reserve Fund. Any excess funds from Parks Equipment/Vehicle Replacement capital projects shall be credited to this Reserve Fund. Proceeds from the sale of used Parks equipment shall be credited to this Reserve Fund.	This Reserve Fund shall be used to purchase new parks equipment and vehicles as authorized by Council.	By-law will include wording for the following: a) that proceeds on sale of assets be transferred to this reserve fund; b) that any project surplus be transferred to this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	By-law will include wording that any related project deficit will be funded from this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	Annual capital program	$ 100,000	Minimum based on annual capital program.
Capital Financing General	$ 1,822,269	This Capital Financing Reserve Fund shall be used to provide for year to year variances in the operating budget, and to fund capital projects.	Half of any operating budget surplus shall be credited to this Capital Financing Reserve Fund. Any surplus from a capital project approved by Council from this Reserve Fund shall be contributed back to this Reserve Fund.	Half of any operating budget deficit shall be charged to this Capital Financing Reserve Fund. This Capital Financing Reserve Fund may be used for any project of a capital nature upon authorization of Council.	By-law will include wording that a) proceeds on sale of assets be transferred to this reserve fund and b) to reflect annual budgeted contributions to this reserve.	No changes.	1% of asset replacement value ($5.1 billion)	$ 51,000,000	To use for ongoing capital program and fund increased number and value of capital projects in various years to provide source of revenue as opposed to debt.

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Police	$ 1,942,302	This Capital Financing Reserve Fund shall be used to fund operational expenditures and capital projects under the Police Services.	The Capital Financing Reserve Fund shall be funded from the operating budget, excess funds from Police capital projects and from operating budget provided that such contribution will not put the Greater Sudbury Police Services Board or the City in a deficit position or increase a deficit. If the combined net under expenditures of the Library/Citizen Service Centre, Land Reclamation, Organizational Development, Social Housing, Police Services and Information Technology is less than the City's overall surplus then each respective reserve will receive a prorated share of the accumulated surplus based on their net under expenditure.	Any operating budget over expenditure shall be funded from this Capital Financing Reserve Fund. Additional expenditures may be made from this Capital Financing Reserve Fund for Police Services capital projects upon authorization by the Greater Sudbury police Services Board.	By-law will include wording that proceeds on sale of assets be transferred to this reserve fund	No changes.	None	None	No minimum level recommended.
Wastewater	$ 13,440,507	This Capital Financing Reserve Fund shall be used to fund any net over expenditures in Wastewater operating budget. The balance in this reserve fund should not fall below 10% of the estimated revenues for these services in any year.	The Capital Financing Reserve Fund shall be funded from excess funds from Wastewater capital projects and net under expenditures from the Wastewater operating budget.	Expenditures may be made from this Capital Financing Reserve Fund for wastewater projects of a capital nature, upon authorization by Council.	By-law will include wording that proceeds on sale of assets be transferred to this reserve fund	No changes.	1% of asset replacement value ($2.349 billion)	$ 23,490,000	Minimum based on asset replacement cost. Minimum amount for Operating is within Committed RF based on 10% of annual revenues.
Water	$ 12,064,499	This Capital Financing Reserve Fund shall be used to fund any net over expenditures in the Water operating budget. The balance in this reserve fund should not fall below 10% of the estimated revenues for these services in any year.	This Capital Financing Reserve Fund shall be funded from excess funds from Water capital projects and net under expenditures from the Water operating budget.	Expenditures may be made from this Capital Financing Reserve Fund for water projects of a capital nature, upon authorization by Council.	By-law will include wording that proceeds on sale of assets be transferred to this reserve fund	No changes.	1% of asset replacement value ($2.148 billion)	$ 21,480,000	Minimum based on asset replacement cost. Minimum amount for Operating is within Committed RF based on 10% of annual revenues.

Appendix B - Reserve Fund Summary and and Minimum Levels

Reserve or Reserve Fund	Balance as of December 31, 2018	Purpose	Revenue Sources	Usage of Funds	Revisions for Revenue Sources	Revisions to Usage of Funds	Minimum $ Level	Minimum $	Rationale for Level
Emergency Medical Services	$ 2,707,455	This Reserve Fund shall be used to fund vehicles/equipment replacement and station development for EMS.	Annual budgeted amounts for vehicles/equipment replacement and station development shall be credited to this Reserve Fund. Any excess funding from EMC capital projects shall be credited to this Reserve Fund. Proceeds from sale or vehicles and equipment shall be credited to this Reserve Fund.	Annual net under expenditures in EMS up to maximum amortization expenses per Form B (Ministry of Health) shall be contributed to this Reserve Fund in order to maximize the annual Land and Ambulance Provincial Grant.	By-law will include wording for the following: a) that proceeds on sale of assets be transferred to this reserve fund; b) that any project surplus be transferred to this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	By-law will include wording that any related project deficit will be funded from this reserve fund in the same manner as in the Capital Budget Policy for the Holding Accounts	n/a	n/a	This is 50/50 City and Ministry - unable to increase contributions to reserve fund as in accordance with funding agreement.

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Federal Gas Tax Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding environmentally sustainable Municipal infrastructure projects.	This Reserve Fund shall be funded from monies received by the City from the Federal Government from time to time as Federal gas tax Funds, pursuant to a Letter of Agreement between the associations of Municipalities of Ontario and the City of Greater Sudbury.	Expenditures may be made from the Reserve fund, in accordance with the Letter of Agreement, for environmentally sustainable Municipal infrastructure projects within the following categories: public transit, water, wastewater, solid waste, local roads, bridges and tunnels, capacity building and community energy. Expenditures from this Reserve Fund shall be authorized by Council.
Dedicated Provincial Gas Tax Reserve Fund for Public Transportation	Capital and Operating	This Reserve Fund can be utilized for the purpose of funding public transportation.	This Reserve fund shall be funded from monies received by the City from the Province of Ontario from time to time as Dedicated Gas Tax Funds for Public Transportation, pursuant to a Letter of Agreement between the Province of Ontario and the City of Greater Sudbury.	Expenditures may be made from the Reserve Fund for eligible expenditures related to public transportation as described in the Letter of Agreement with the Province of Ontario and the Dedicated Gas Tax Funds for Public Transportation Program Guidelines and Requirements and consistent with the City's Asset Management Plan and Ridership Growth Plan approved by Council. Expenditures from this Reserve Fund shall be authorized by Council.
Children's Services Reserve Fund	Operating	This Reserve Fund shall be used within the Children Services division to offset changes in annual funding from the Ministry.	This Reserve Fund shall be funded from the one-time mitigation funding to the new Child Care funding formula as received from the Ministry of Education Early Learning Division.	This Reserve Fund shall be used within annual operating budget for Children's Services division to offset changes in annual funding from the Ministry.
Ontario Community Infrastructure (OCIF) Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding projects for the renewal, rehabilitation and replacement of core infrastructure assets.	This Reserve Fund is funded from monies received from the Government of Ontario from time to time as Ontario Community Infrastructure Funds (OCIF), pursuant to the Agreement between the Province and the City of Greater Sudbury.	Expenditures may be made from the Reserve Fund, in accordance with the Agreement, for eligible project categories for the renewal, rehabilitation and replacement of core infrastructure assets which include roads, bridges and culverts, water and wastewater. Expenditures from this Reserve Fund shall be authorized by Council.

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Parks Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding park land acquisitions, park improvements, and for other public recreational purposes.	This Reserve Fund is funded through 5% and 2% deposits received for parks purposes pursuant to the Planning Act. Land may also be deeded to the City in lieu of cash deposits. Net proceeds from the sale of such lands would be credited to this reserve fund. Proceeds from disposition of surpplus parkland shall be credited to this reserve fund.	This Reserve Fund is to be used for park land acquisition, park improvements and for other public recreational purposes including the erection or repair of buildings used for recreational purposes and the acquisition of machinery to use for public recreational purposes. Proceeds from disposition of Parkland shall be reserved with 50% to be used towards acquisition of parkland based on the adopted priority list and 50% to be used towards acquisition of parkland or park development in the ward for which the sale was made. Expenditures of $25,000 or less can be funded from this reserve fund under the authority of the General Manager of Community Development. Authorization of Council is required to spend over $25,000 from this Reserve Fund.
Subdivision Deposits Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Infrastructure Services Department projects related to subdivisions.	This Reserve Fund shall be funded by non-refundable deposits received from Developers under the terms of subdivision agreements for asphalt or other related deposits.	This Reserve Fund shall be used by the Infrastructure Services Department to carry out required work on projects as specified in the Agreements. All funds for a specified project will be transferred to the respective Department upon completion of that project.
Site Plan Deposits Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Infrastructure Services Department projects related to site plans.	This Reserve Fund shall be funded by non-refundable deposits received from Developers pursuant to Subdivision and Site Plan Agreements.	This Reserve Fund shall be used by the Infrastructure Services Department to carry out required work on projects as specified in the Agreements. All funds for a specified project will be transferred to the respective Department upon completion of that project.
Tree Planting Reserve Fund	Operating	This Reserve fund can be utilized for the purpose of funding Infrastructure Services Department projects related to tree planting.	This Reserve Fund shall be funded by non-refundable deposits received from Developers pursuant to Subdivision and Site Plan Agreements.	This Reserve Fund shall be used by the Infrastructure Services Department to carry out required work on projects as specified in the Agreements. All funds for a specified project will be transferred to the respective Department upon completion of that project.

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Road Deposits Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Infrastructure Services Department projects related to roads.	This Reserve Fund shall be funded from non-refundable deposits received pursuant to Site Plan Control Agreements and Subdivision Agreements.	This Reserve Fund shall be used by the Infrastructure Services Department to carry out required work on projects as specified in the Agreements. All funds for a specified project will be transferred to the respective Department upon completion of that project.
Water and Wastewater Deposits Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Infrastructure Services projects related to Water and Wastewater.	This Reserve Fund shall be funded from non-refundable deposits made to the City pursuant to Subdivision, Site Plan Control or other similar Agreements for specific water and/or wastewater upgrading projects. This Reserve Fund shall be funded from the $2,000 per lot charge to be collected on registration of Plans of Subdivision and any approvals of lot severances, within the area listed below: Firstly: Lot 2, Concession 3, Township of Hanmer Secondly: West Half of Lot 1, Concession 3, Township of Hanmer The deposits above shall be used to fund the upgrade of the Centennial Drive Booster Station in the former City of Valley East.	This Reserve Fund shall be used by the Infrastructure Services Department to carry out required work on projects as specified in the Agreements. All funds for a specified project will be transferred to the respective Department upon completion of that project.
Building Permit Revenue Stabilization Reserve Fund	Operating	This Reserve Fund can be utilized for the purpose of funding any annual net over expenditures from Building Services.	This Reserve Fund shall be funded by an annual contribution from the operating budget of excess revenues over expenditures from Building Services activities.	Expenditures from this Reserve Fund may be used to offset any annual net over expenditures.
Storm Water Management Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Infrastructure Services Department projects related to storm water management.	This Reserve Fund shall be funded by non-refundable deposits received pursuant to Site Plan Control Agreements and Subdivision Agreements for future storm water management initiatives.	This Reserve Fund shall be used by the Infrastructure Services Department to carry out required work on projects as specified in the Agreements. All funds for a specified project will be transferred to the respective Department upon completion of that project.

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Subwatershed Provincial Fund	Capital	The purpose of this Reserve Fund is to fund the completion of twelve (12) subwatershed studies that identify storm water best management practices that will serve to protect or enhance the natural ecological environment within the City and promote long-term sustainability to the City's lakes and rivers.	This Reserve Fund shall be funded from monies received from the Minister of the Environment, Conservations and Parks.	Expenditures may be made from the Reserve Fund, in accordance with the Agreement between the Minister of the Environment, Conservations and Parks and the City of Greater Sudbury to fund related subwatershed studies. This Agreement shall be in effect until 90 days after the Final Report is due which is December 29, 2019. Expenditures shall be authorized by Council.
OMCC Provincial Grant Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding projects that support the implementation of commuter cycling infrastructure. Eligible projects must meet the requirements set out in the Agreement as well as be listed under the Eligible Cycling Infrastructure Projects.	This Reserve Fund shall be funded from monies received from the Minister of Transportation for the Province of Ontario.	Expenditures may be made from the Reserve Fund in accordance with those described in the Eligible Projects List. This Agreement shall be in effect from March 19, 2018 to March 31, 2021. Expenditures shall be authorized by Council.
AMO Funding Reserve Fund	Operating	The purpose of this Reserve Fund is to support Ontario's Main Street Revitalization Initiatives.	This Reserve Fund shall be funded from the Association of Municipalities of Ontario.	Expenditures may be made from this Reserve Fund for costs directly related to the Eligible Projects outlined in the Ontario's Main Street Revitalization Initiative Agreement. Eligible Projects include the Community Improvement Plan and Other Municipal Land Use Planning Policy projects. This Agreement shall be in effect from April 1, 2018 to March 31, 2020. An extension has been granted to October 31, 2020. Expenditures shall be authorized by Council.

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
ESDC Enabling Accessibility Grant Reserve Fund	Capital	This reserve fund can be utilized towards the construction of a therapeutic pool as the funds are received as part of the ESDC Enabling Accessibility Fund Grant. The funds is required to be returned if not spent on the therapeutic as per the funding agreement.	This Reserve Fund shall be funded from the ESDC Enabling Accessibility Fund Grant.	Expenditures may be made from this Reserve Fund for costs directly related to the construction of the therapeutic pool in accordance with the funding agreement.
Development Charges - Administation Reserve Fund	Capital	The purpose is to transfer all DC revenues received and then transferred to the respective DC reserve funds. The balance represents DC's owing from deferrals approved by Council on when the property is sold.	All development charges collected during the year are deposited into this Reserve Fund and then allocated to applicable Development Charges Reserve Fund.	Transfer of development charges collected and allocated to the respective DC reserve funds.
Development Charges - General Government Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding General Government capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for General Government services as described by the current Development Charges By-Law in accordance with 12 provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for General Government capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Development Charges - Library Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Library capital projects.	This Reserve Fund shall be funded from monies received from monies received from payment of development charges at the building permit application stage for Library services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Library capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* , the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Fire Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Fire capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Fire services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Fire capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Police Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Police capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Police services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Police capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Development Charges - Public Safety Reserve fund	Capital	This Reserve Fund can be utilized for the purpose of funding Public Safety capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Public Safety as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Public Safety capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Parks and Recreation Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Parks and Recreation capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Parks and Recreation services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Parks and Recreation capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Cemetery Services Reserve Fund (This obligatory reserve fund will be removed from the by-law.)	Capital	This Reserve Fund can be utilized for the purpose of funding Cemetery capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Cemetery Services services as described in By-Law 2014-151 in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Cemetery Services capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Development Charges - Public Works Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Public Works capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Public Works services as described in By-Law 2014-151 in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Public Works capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Ambulance Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Ambulance capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Ambulance services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Ambulance capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Transit Services Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Transit Services capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Transit services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Transit capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Development Charges - Emergency Prepardness Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Emergency Prepardness capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Emergency Prepardness services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Emergency Prepardness capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Roads Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Roads capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Roads services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Roads capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Water Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Water capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Water services as described in the current Development Chargs By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Water capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .

Appendix C - Obligatory Reserve Fund Summary

Obligatory Reserve Fund	Operating or Capital	Purpose	Revenue Sources	Usage of Funds
Development Charges - Wastewater Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Wastewater capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Wastewater services as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Wastewater capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .
Development Charges - Drains Reserve Fund	Capital	This Reserve Fund can be utilized for the purpose of funding Drain capital projects.	This Reserve Fund shall be funded from monies received from payment of development charges at the building permit application stage for Drains as described in the current Development Charges By-Law in accordance with provisions of section 35 of the *Development Charges Act* .	Expenditures will be transferred for Drains capital projects as identified within the Development Charges Background Study which is updated at least every 5 years. Borrowing from the Reserve Fund, or from one designated municipal service fund to another, for municipal financial purposes will be permitted as authorized from time to time by resolution or By-Law of Council provided interest is paid in accordance with the *Development Charges Act* and the regulations thereunder, and in particular section 36 of the *Development Charges Act* .

Appendix D
Reserve and Reserve Fund Policy

1. Purpose

The purpose of this Reserve and Reserve Fund Policy (Policy) is to provide guidance with respect to the development, maintenance and use of City of Greater Sudbury (City) reserves and reserve funds (reserves). It will establish guidelines, limits and conditions applicable to the reserves and reserve funds of the City.

The establishment of reserves assists in providing for the long-term financial stability and flexibility of the City, positions the City to respond to varying economic conditions and changes that affect the City's financial position, and ensures the organization continues with its ability to carry out its responsibilities.

2. Policy Statement

The organization actively manages reserves and reserve funds to ensure minimum fund balances are available. Council has flexibility to react to unanticipated opportunities and the ability to minimize annual changes in taxation or debt.

3. Principles of Reserves and Reserve Funds

All reserves must be established, maintained and used for a specific purpose mandated by this policy, statute, or City by-law.

The capital reserves are to be used for the future replacement or acquisition of capital assets.

The City shall strive to develop appropriate reserves and reserve funds to meet future financial obligations with respect to City equipment and infrastructure, fiscal needs and employee benefit obligations.

4. Scope / Application

Administrative criteria:

- reserves must have a unique Corporate purpose
- all reserve funds earn interest each year
- a minimum balance may be established for a reserve fund
- a time period shall be specified for the repayment or replenishment of each reserve fund to its specified minimum balance
- a business case shall be provided specifying the purpose, benefits and method of repayment for each proposed departmental use of a reserve fund

Appendix D
Reserve and Reserve Fund Policy

Definitions

4.1. *Reserve* means funds set aside for a specific purpose and does not earn interest.
4.2. *Reserve Fund* means funds set aside for a specific purpose and earns interest.
4.3. *Obligatory Reserve Fund* means external sources of funds received but not yet spent or earned for the purpose it was received. Typically, these are funds are restricted to be spent in accordance with various funding agreements or legislation or acts such as the Federal Gas Tax funding agreement and Development Charges Act. Obligatory Reserve Funds are also known as deferred revenue on the annual financial statements.
4.4. *External Sources of Funds* includes government grants, donations and third-party financing. If these sources have external restrictions as to their use, they are to be recorded within an obligatory reserve fund or deferred revenue and not form part of a year-end reserve amount.
4.5. *Internal Sources of Funds* includes approved budget contributions; annual surplus contributions; and carryover of current year's budget funds that have been approved for a specific purpose but not expended during the year.
4.6. *Transfer* means funds moved between two or more reserves or reserve funds.
4.7. *Working Reserve* means staff have the delegated authority to spend funds from the reserve without Council approval when in accordance with the reserve fund by-law.
4.8. *Executive Director of Finance, Assets and Fleet* position is also known as the City Treasurer or Chief Financial Officer.

5. Objectives

Reserves shall be established and expended to achieve the following objectives:

5.1. Promotion of financial stability and flexibility (stable and predictable property tax levies)

The City recognizes that unstable and unpredictable property tax levies can adversely affect residents and businesses in Greater Sudbury. In order to maintain stable and predictable levies, the City will maintain sufficient reserves to buffer the impact of unusual or unplanned cost increases and revenue reductions over multiple budget cycles.

5.2. Provide for operating emergencies

The City is exposed to unusual operating emergencies resulting from inclement weather, catastrophic events, environmental hazards and so on. It may not be feasible, or cost-effective, to absorb the costs of such emergencies during one

budget cycle. The City will maintain adequate reserves to mitigate such emergencies, extensive service interruptions, and manage risks to infrastructure and public safety.

5.3. Financing for capital assets and projects

Use of reserves for financing new capital assets is an effective means of matching one-time funds to one-time capital projects. In addition, the City requires financial resources to quickly respond to opportunities that could provide capital infrastructure through private or public sector partnerships, and other alternative service delivery methods.

5.4. Safeguard and maximize existing assets

The City has an inventory of specialized machinery, equipment and technology systems necessary for the efficient delivery of services to the public, which need to be replaced on well-defined lifecycle standards. The City also has a need to provide insurance against unforeseen losses of these and other assets and claims against its assets where it is found legally liable.

5.5. Facilitate Long-Term Financial Planning

Reserves are essential to sound long-term financial planning in order to manage risk as well to mitigate higher property tax levies in years where one-time costs are expected or may occur.

It would also enable funds to be set aside to pay for future obligations that are known to occur such as sick leave, post-employment benefits, WSIB, election and so on.

5.6. Adherence to statutory requirements

Reserve funds that are required to maintain funds received from others until earned or spent on the specific purpose as outlined in legislation or agreements are established as Obligatory Reserve Funds. Examples would include Federal Gas Tax, subdivision deposits, and development charges.

Appendix D
Reserve and Reserve Fund Policy

6. General Criteria

6.1. Least cost to taxpayers

Reserves should support the least cost alternative in the long-term for delivering standards of service adopted by Council. This means they will be used to:

- Buffer the effects of large cost increases and revenue reductions and allow time to adjust City service costs or revenue generation to avoid unnecessary tax increases, and
- Provide internal capital financing which may be more cost-effective than external borrowing or leasing.

6.2. Fairness and equity to taxpayers

Reserves should serve to balance the impact of the operating costs and capital costs, on both current and future taxpayers by:

- Applying reserves derived from one-time revenue sources to one-time capital or operating projects.
- Applying reserve funds and current revenues in a ratio, which recognizes the appropriate sharing of savings from current taxpayers with contributions from future taxpayers (this will likely require repayment of all or a portion of, reserves from future rates or user fees).

6.3. Meet statutory and legal requirements

Reserves must meet the requirements of grant funding agreement, federal statutes, acts, City by-laws or any other contract or judgment enforceable by law.

6.4. Meet accounting standards

Reserves must meet generally accepted accounting principles (GAAP) and accounting standards applicable to local governments (PSAB).

7. Methodology

This policy is intended to ensure funds are available for each of the City's reserves as set out in the Reserves and Reserve Funds By-law to fund both operational and capital expenditures. At this point, this policy excludes deferred revenues (also known as obligatory reserve funds).
Reserves and Reserve Funds are grouped into the following categories:

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Reserve and Reserve Fund Policy

- Operating
- Capital
- Statute (Obligatory)

An operating reserve/reserve fund is generally used to stabilize or mitigate the impact of fluctuations in operating costs and revenues or to accumulate funds for future or contingent liabilities. Capital reserve funds are used to fund capital works and are invested by the City until required for use thereby earning interest.

7.1. General Policy

- Reserve Funds that earn interest are to be invested in accordance with the City's Investment Policy. The interest earned remains within the respective reserve funds in order to be used for the specified purpose. This enables the funds set aside to grow in relation to inflation and rising costs.
- Transfers from reserves must not deplete the reserve below the minimum target unless recommended by the Executive Director of Finance, Fleet and Assets and it can be reasonably demonstrated that future sources of revenue will provide sufficient funding to restore the reserve to a minimum balance.
- All approved funding must be used for the specific purpose as outlined in the reserve request, unless Council directs otherwise.
- All spending from respective reserves and reserve funds must be approved by Council, unless it is noted as a working reserve or as noted in the by-law.
- Reserves should never have a negative balance. A plan approved by the Executive Director of Finance, Assets and Fleet should be made if a reserve is below an appropriate minimum balance.
- All existing reserves shall follow the established minimum and maximum balances as identified in Appendix A (which will be incorporated into the by-law).

7.2. Establishment and Modification

- Reserves can be established through inclusion in the annual operating or capital budget, which is approved by Council, or through a separate resolution of Council. The Reserves and Reserve Funds By-Law will be amended on a periodic basis to reflect these new reserves.
    - An Exception is for Obligatory Reserve Funds which will be created when required to be in accordance with funding agreement, contracts or Acts. Staff will notify Council of these changes on the annual update report to Council or the Finance & Administration

Committee and the Reserve and Reserve Fund By-Law will be amended on a periodic basis.

- All new reserve requests must:
  - Be established with a specific purpose for which the reserve funding is intended. New reserve requests shall include the correlation with the City's Strategic Plan and/or the City's Long-Term Financial Plan. Each request shall link to specific pillars within the Strategic Plan and/or the financial policies outlined in the Long-Term Financial Plan in order for a new reserve to be created. All funds within a reserve are considered committed for the specific purpose as outlined in the reserve request, unless Council directs otherwise.
  - Designate as to whether the reserve is capital or operating, or both.
  - Identify funding sources and use of funds from the reserve.
  - Identify a minimum balance. A minimum balance ensures that each reserve fund is not depleted to where it is ineffective in serving its intended purpose.
  - Identify the consequences of not creating the reserve (e.g. risks, possible alternatives and consequences).
- Repayment or replenishment of each new reserve to its specified minimum or fixed amount shall be in accordance with Section 8.4 of this policy.
- Year-end surpluses of each new reserve shall be transferred out of the reserve in accordance with Section 8.4.

7.3. Investment

- Reserves shall be invested for a term that will not exceed its expected date of need.
- Reserves are to be invested in accordance with the City's Investment Policy.
- Interest earned on reserves shall be recognized as revenue in the operating budget; whereas interest earned on reserve funds shall be recognized in each specific reserve fund.
- Interest earned or accrued each month is credited to each reserve fund, based on its balance at the previous month-end.
- Interest enables the reserve funds to keep in line with cost increases and that sufficient funds are available when required.

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7.4. Contributions to and Withdrawals from Reserve Funds

- Contributions to and withdrawals from reserves shall be made in accordance with applicable resolutions, by-law and this Policy.
- Contributions to and withdrawals from reserves and reserve funds shall be approved by Council as part of the annual budget process, or specifically by resolution with the following exceptions:
    - Direct contribution to obligatory reserve funds such as development charges revenue;
    - Transfers that are a direct result of Council approved by-laws or resolutions such as annual operating surplus or deficit as part of Operating Budget Policy and the Reserves and Reserve Fund By-law, or the Capital Budget Policy;
    - Transfer of funds between reserves and reserve funds based upon adequacy analysis or other related information, at the discretion of the City Treasurer, or designate.

7.5. Lending / Temporary Borrowing Between Reserve Funds

Temporary borrowing from another reserve or reserve funds to cover a short-term operating or capital deficit or internal financing is permitted, when justified, adequately supported and authorized by Council.

The following conditions must be met in order to allow borrowing from reserve funds:

- Borrowing is consistent with the intended purpose of the reserve.
- A plan to repay the reserve fund (including any applicable interest) within a reasonable timeframe is required and documented.
- Within legislative requirements (ie. Development Charges Act).

7.6. Termination and Closure of Reserve Funds

If the purpose for which the reserve or reserve fund was created have been accomplished and the reserve or reserve fund is determined to be no longer necessary, a report shall be presented to Council with the recommendation on:

- The closure of the reserve or reserve fund
- The disposition of any remaining funds
- The necessary amendment to the Reserve and Reserve Fund By-law

A resolution of Council will be required to close a reserve or reserve fund. The By-law establishing the reserve fund will be required to be repealed in order to close a Reserve Fund.

8. Standard of Care / Responsibilities

This section outlines how the reserves will be monitored and maintained by staff and Council. Overall, once City Council approves reserves and reserve funds by resolution and/or by-laws, the Executive Director of Finance, Assets and Fleet (Treasurer) shall have overall authority for the reserves and reserve funds managed by the City.

City Council shall:

- In accordance with the Municipal Act 2001, Section 224 develop and evaluate policies, ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place and maintain the financial integrity of the municipality.
- Approve transactions to and from reserves and reserve funds through the budget process or by specific resolution or by-laws.

The Executive Director of Finance, Assets and Fleet (or designate) shall:

- Develop and update this Policy as necessary and present changes to Council;
- Ensure that the principles and requirements contained in this Policy are applied consistently across all departments;
- Perform the transfers to and from reserves and reserve funds as authorized by Council through a resolution and/or by-law;
- Recommend strategies for the adequacy of reserves including target levels;
- As part of the reporting to City Council, review and report on the adequacy and continuing need for reserves managed by the City;
- Preparation and presentation of reports and/or by-laws associated with the establishment, monitoring, or termination of reserves;
- Updates the City's long-term financial plan with consideration of appropriate reserves to effectively meet the City's operating and capital budget financing needs;
- Ensure reserves managed by the City are in line with senior government statutes and agreements and other pertinent policies.

9. Reporting

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The Treasurer or designate shall prepare the following reports regarding reserves managed by the City:

- Annual Audited Financial Statements – the balances of reserves and reserve funds along with comparisons to minimum levels and adequacy of reserve fund levels shall be included within the Annual Report.
- Budget Document – the annual budget document shall include total reserve fund balances and forecasted amounts based on staff recommendations within the tabled Budget document.
- Development Charges (DC) Reserve Funds Report – an annual report detailing pertinent information regarding DC reserve funds shall be presented to Council as required by the Development Charges Act, 1997, as amended.