

Type of Decision									
Meeting Date	June 19, 2018				Report Date	June 13, 2018			
Decision Requested		Yes	X	No	Priority		High	X	Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title
Reserves and Reserve Funds Balance as of December 31, 2017

Resolution	Relationship to the Strategic Plan/Health Impact Assessment
For Information Only	This report refers to operational matters.
<b>Resolution Continued</b>	<b>Background Attached</b>

## Report Summary

This report provides information on reserves and reserve fund balances as of December 31, 2017. Reserves and reserve funds are established by Council to assist with the long term financial stability and are a key element of the City's financial plan. The other major funding sources in the control of Council are the property tax levy and external debt. By maintaining reserves and reserve funds, the City can accumulate funds for future needs or contingent liabilities. Currently a significant portion of the City reserves have been committed to fund capital projects and for known future liabilities which results in a lower amount available for unplanned needs or discretionary spending. With higher reserves the City would have more flexibility in case of encountering unplanned expenditures or risk. In addition, credit rating agencies consider higher reserves to be favourable in their evaluation of the credit worthiness of municipalities.

The total reserves and reserves funds decreased \$16.4 million to end 2017 at \$142.8 million and the decrease was expected as the City continues to invest in significant projects that were committed in recent years. The ratio of tax supported reserves and reserve funds to taxation dropped from 52% to 45% in 2017. The City will need to ensure all financing options, including when appropriate, external debt, are considered to better balance current needs with future requirements. As well, provisions can be made in the operating budget to fund reserves and reserve funds to ensure adequate funds are available when required.

The City has strong reserve fund guiding principles that can be combined with recommendations in the long term financial plan and then incorporated into a revised Reserves and Reserve Funds By-law. The reserve fund guiding principles encompass more than infrastructure requirements and in the area of asset management planning significant near term improvements will be made to ensure the use of reserve funds better aligns with overall financing plans. By strengthening the link to the remaining guiding principles the City will be able to have a balance in reserves and reserve funds to provide financing for short term investment opportunities or unplanned expenditures without permanently impacting tax rates or service levels.

## Financial Implications

This report has no financial implications.

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## The Importance of Reserves and Reserve Funds

A municipality that values its ability to maintain service levels in both current and future periods without incurring significant changes in annual taxation levels or unwelcome breaks in service needs to have, and manage, adequate reserve and reserve funds. Reserves and reserve funds are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves is to:

- Provide stability of tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- Provide financing for one-time or short term requirements without permanently impacting tax and utility rates
- Make provisions for replacements/acquisitions of assets/infrastructure that are currently used to deliver services, and are wearing out
- Avoid sudden tax or debt increases to address capital funding requirements
- Provide flexibility to address unanticipated investment opportunities or to finance unplanned expenditures
- Manage the corporation's daily cash requirements without relying on short-term borrowing
- Support the concept of intergenerational equity by setting funds aside now for liabilities incurred in the current period but that are not payable until some future period

## Reserve Fund Guiding Principles

Since amalgamation, the City of Greater Sudbury has considered the following principles to support its financial and service delivery planning:

Principle	Status
1 Plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves.	
2 Undertake regular reviews of remaining life and condition of assets and determine required annual reserve contributions sufficient to ensure that 90% of approved infrastructure rehabilitation / replacement schedules can be met at the required time.	
3 Facility, equipment and infrastructure replacement reserves should be established and funded to ensure that 90% of approved infrastructure rehabilitation / replacement schedules are met (long-term).	
4 Establish a Stabilization Reserve for programs that are susceptible to significant annual expenditure fluctuations (ie. Winter Maintenance). Program budgets should be based on a moving five year historical average of program spending. In years when surplus funds occur in these programs, surpluses should be reserved, provided an overall City surplus exists. Where the City's overall surplus is less than the program surplus, funds should only be reserved up to the level of the overall City surplus.	
5 Establish reserves to provide funding for future liabilities (ie. sick leave, post-employment benefits, WSIB). Contributions to these reserves should be set, at a minimum, at an amount sufficient to ensure the liability does not increase.	

As this report illustrates, these principles have not been consistently applied each year. City Council makes decisions about the level and extent of funding for reserves, and how available reserve funds will be used, based on a variety of factors.

The above principles will be further incorporated into the revised Reserves and Reserve Funds Policy and By-Law that will be presented for Council's approval during 2018. The City will be making progress on these principles as work is completed on the Asset Management Plan and as condition assessment on assets are obtained. The City has established stabilization reserve funds such as Winter Control, Tax Rate Stabilization, Water and Wastewater. However the balances in Winter Control have been depleted in order to fund deficits in this area for the past few years. In addition, the balance in Tax Rate Stabilization Reserve has decreased due to funding of projects/programs as approved by Council in order to minimize the impact on the annual property tax levy. Further work will be completed by the City to address these guiding principles through action from the Asset Management Plan and Long Term Financial Plan.

### **2017 Reserves and Reserve Funds Balances**

The City of Greater Sudbury has reserves and reserve funds in the amount of \$142.8 million as of December 31, 2017 which was a decrease of \$16.4 million from the prior year.

In summary, the following are the highlights:

(in millions)	2017
Balance: January 1, 2017	\$159.2
Add: Interest earned	2.8
Less: Net transfers from Operating	6.3
Net transfers to Capital	(25.5)
<b>Balance: December 31, 2017</b>	<b>\$142.8</b>

A sample of the investments made during 2017 from reserve funds include:

- Maley Drive \$4.2 million
- Tom Davies Square waterproofing the parking garage \$3.3 million
- Larger spreader laid patches \$1.75 million
- Lorne Street water upgrades \$1.7 million
- Crean Hill Road \$700 thousand

The balance in the funds consists of:

(in millions)	2016	2017
Reserves	\$7.1	\$6.6
General Reserve Funds	54.3	51.6
Capital Financing and other Capital Reserve Funds	97.8	84.6
<b>Total Reserve and Reserve Funds</b>	<b>\$159.2</b>	<b>\$142.8</b>

The main difference between a reserve and a reserve fund is that a reserve does not earn interest, whereas a reserve fund is in a separate fund and is credited, on a monthly basis, with the interest it has earned.

Please see Appendix A for tables illustrating the trends in reserve and reserve funds over the past five years.

Please see Appendix B and C which provides a more detailed explanation of each of the City's reserves and reserve funds as well as examples of projects within the committed balances at the end of 2017.

Of the total balance of \$142.8 million, there are reserves and reserve funds which are included in a "committed" reserve fund for a specific project or program which accounts for approximately \$83.5 million (2016 was \$96.3 million). Refer to Appendix B and C which provides additional information on these committed reserve funds.

The annual operating and capital budgets as approved by Council include draws from reserves and reserve funds in order to fund various expenses such as capital projects, which are completed over several years or funds set aside for significant capital projects to be completed in the future, or deductibles for insurance claims, sick leave payouts and so on.

The funds remain in committed reserve funds as approved by Council in the annual budgets (or supplemental Council reports throughout the year) until the expenses have been paid, which may occur over several years. Any capital projects that have reserve funds identified as a funding source that are cancelled at a later time, would be uncommitted in order to use for future capital projects/expenses or used to fund over-expenditures in other capital projects in accordance with the existing Capital Budget Policy. The primary difference between the 2017 forecast and actual year end results is the result of timing differences associated with actual project deliverables compared to plan.

## **Comparison to Other Municipalities**

The City's level of reserve funds is low in comparison to other municipalities in Ontario. The comparison used is the "Reserves and Reserve Funds as a Percentage of Total Taxation (excluding Water/Wastewater)" as taken from the 2017 BMA Municipal Study. This ratio is a key measure of the financial health of a municipality and illustrates the municipality's capacity for asset renewal, minimizing external debt, managing annual tax levy changes, and managing unplanned expenditure requirements. The City's rate of 52% (45% in 2017 – however 2016 is the last year comparator information is available) is lower than the average of 70% for municipalities with a population over 100,000 as illustrated on Appendix D or median of 64% of all municipalities within the study as shown on Appendix A.

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The City has pressures in comparison to other municipalities in Ontario where it has a significant quantity of mature capital assets that require asset renewal, rehabilitation and replacement on a relatively low taxation base. When taking into consideration that a significant portion of reserve funds are committed to existing projects that are currently underway, the importance of incorporating a plan to sustain reserves and reserve funds at minimum levels becomes clear.

The Reserve Fund Guiding Principles are examples of "best practice" guidance that will be part of planned revisions to the Reserves and Reserve Funds Policy & By-Law. These will be presented to Council in 2018. Similarly, the application of these principles will be illustrated in recommendations that support the implementation of the Long Term Financial Plan and Asset Management Plans.

The effect of insufficient reserves and reserve funds is to increase reliance on other funding sources, such as increases to the property tax levy or external debt financing. Alternatively, service levels could be adjusted and plans could be more tightly controlled to reduce the financial impacts of unplanned projects.

## **Long Term Financial Plan**

The long-term financial plan recommends the following change to reserve and reserve funds:

"While the City has established minimum and maximum amounts for some reserve and reserve funds, consideration could be given to undertaking a detailed reserve and reserve fund review that will establish minimum amounts for all reserve funds so as to ensure the sufficiency of these funds. This review would include a re-evaluation of reserves and reserve funds where minimum and maximum amounts have already been established."

This plan highlights the need for the City to strengthen reserve fund levels and increase its capacity to manage the risk that a future significant event(s) creates an unfavourable impact on the annual property tax levy. Specifically, this will include recommended minimums and maximum reserve levels, and changes to the number and scope of applicable reserves for different service areas.

## **The Effect of Asset Management Plans on Reserves and Reserve Funds**

The condition assessments included in Asset Management Plans will clarify understanding about asset renewal requirements, their timing, and alternatives to address service level expectations. This marks a change from prior periods, since it anticipates more consistent and routine preventive maintenance activities will be used to maximize each asset's expected service capacity.

In addition, the City's efforts to strengthen asset condition information will assist in the management of asset renewal, maintenance and replacement decisions with a focus on keeping desired service levels in place. With changes to capital budgeting processes

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that will increase the assurance capital funding is applied to the city's highest priority needs, it is reasonable to anticipate more reserve funding will be desirable. This further reinforces the need for a review of the City's reserves and reserve funds.

A capital levy recommended in the long-term financial plan was described as follows:

"Practically, the City will be unable to generate the necessary level of incremental funding for capital expenditures due to constraints from an affordability and debt capacity perspective. However, in order to ensure sufficient financing for future capital expenditures, the City may wish to consider expanding the level of available capital funding through the implementation of a multi-year capital levy. Similar to the 10 year series of water and wastewater rate increases implemented by the City in 2001, this strategy would involve a recurring increase in the City's budget specifically allocated to capital purposes, including capital expenditures, debt servicing costs or reserve fund contributions."

Staff believe a greater allocation to capital budgets will be required to sustain service levels and address asset management requirements. A capital levy is one way this could be addressed in future budgets.

Overall, the city's evolving asset management plans illustrate funding requirements for asset renewal/replacement that exceed our ability to fund them. Building reserves and reserve funds for anticipated renewal / replacements are important to sustain service levels and manage the effect of annual taxation changes on taxpayers.

## **Revised Capital Budget Policy and Prioritization Tool**

As previously described to Council, staff are developing a revised Capital Budget Policy for use as part of the 2019 capital budget. These changes in capital budgeting will also result in further refinement to the Reserves and Reserve Fund By-law for Council's approval that would include the streamlining of capital reserve funds similar to the enterprise wide capital envelope. The streamlined capital reserves will be an integral part of a more transparent and more easily understood overall financing strategy for capital investments by the City.

## **Conclusion**

This report describes the City's reserves and reserve fund balances and their importance in managing the City's financial condition. The City would benefit from more robust reserve levels so that it can minimize the risk of service interruptions due to asset failure, fund anticipated asset management investments that have not previously been a routine part of the city's annual budgets and maintain its preparedness for unanticipated in-year funding requirements. Therefore, staff will present recommended revisions to the Reserves and Reserve Funds Policy & By-Law for Council's approval in 2018.



**Appendix A: Historical Trend in Reserves and Reserves Funds (000's)**

The following table illustrate the trends in Reserve and Reserve Funds over the last 5 years:

	2013	2014	2015	2016	2017
CGS Reserves	\$7,402	\$5,551	\$8,166	\$7,144	\$6,616
CGS Reserve Funds	148,196	150,674	156,747	152,129	136,283
Total CGS Reserves & Reserve Funds	155,598	156,225	164,913	159,273	142,899
Less W/WW Reserves Funds	(32,856)	(31,830)	(30,839)	(33,194)	(31,848)
Total CGS Reserves & Reserve Funds excl W/WW	\$122,974	\$125,022	\$142,762	\$126,079	\$111,051

**Tax Discretionary Reserves (Less W/WW) as % of  
Taxation**

	2013	2014	2015	2016	2017 *
Reserves and Reserve Funds as a % of Taxation	54.0%	54.0%	57.0%	52.0%	44.5%
BMA Study – Median	62.0%	63.0%	70.0%	64.0%	N/A
BMA Study – Low	-21.0%	-12.0%	-5.0%	-17.0%	N/A
BMA Study – High	182.0%	193.0%	207.0%	192.0%	N/A

\* 2017 BMA results are not available, therefore the percentage is calculated with no comparables for 2017.

**Appendix B - Reserves (non interest-bearing)**  
As at December 31, 2016 and December 31, 2017

Reserves Account Name	Description / Explanation	Dec 31, 2016 Audited	Dec 31, 2017 Audited
Land Reclamation Reserve	This Reserve has been created from surpluses due to net under expenditures in Land Reclamation over the years. It is used to offset fluctuations in the cost of purchasing seedlings each year, which eliminates fluctuations in operating costs.	(555,739)	(535,537)
Reserve for Various Expenses	This Reserve was created through resolution of Council, to allow funds budgeted in a current year to be carried forward to the following year to pay for certain items. The majority of these funds will be spent within the next few years. Spending from this Reserve is restricted to programs/projects for which the funds had been reserved. These funds are set aside for projects including security and related equipment at TDS, corporate equipment associated with TDS moves, professional assistance/studies including the Development Charges Background Study, replacement of the Valley East Youth Centre.	(629,289)	(624,626)
Ontario Works Reserve	Established to be used as a buffer for such instances as the Province increasing benefits to recipients mid-year when no budget provision has been made. During 2013, Council approved a transfer of \$194,000 from this Reserve for Emergency Shelters which has been budgeted to be spent in 2018.	(534,150)	(534,150)
Human Resources Organizational Development Reserve	This Reserve shall be funded from any annual under expenditures in training related accounts, and shall be used to fund training and development of City staff.	(341,012)	(341,012)
Tax Rate Stabilization Reserve	One half of any annual operating surplus or deficit is contributed to or funded from this Reserve. This Reserve provides for year-to-year variances in the Operating Budget. During 2017, \$965,000 was committed for the TDS Elevator Upgrades, and \$330,000 for the Event Centre Study as well as \$237,500 for the Library/Art Gallery/Performance Centre as well as approximately \$113,000 to fund the tax arrears for the Northern Water Sports Centre.	(3,642,990)	(1,941,088)
Tax Rate Stabilization Reserve - Committed	Represents funds committed by Council for a number of one-time projects. The balance includes all of Council's decisions up to December 31, 2017. Committed projects at the end of 2017 includes funding set aside for TDS Elevator Upgrades, Sidewalk Plows, Library/Art Gallery/Performance Centre, and Lightning Protection at the LEL Centre.	(969,722)	(2,131,017)
Vector Borne Disease Reserve	Established to fund the City's share of Vector Borne Disease expenditures that may be incurred and levied by the Health Unit. The amount that may be levied to the City is \$107,400 based on the Health Unit's Budget.	(107,400)	(107,400)
Auditor General Reserve	This Reserve shall be used to fund initiatives in support of the mandate of the Office of the Auditor General or for related audit projects.	(257,931)	(245,874)
Accessibility Reserve	This Reserve is used in consultation with the Accessibility Advisory Panel for transformative projects which change how the community perceives accessibility. As part of the 2017 Operating Budget, Council approved a transfer of \$50,000 to this reserve.	(105,507)	(155,507)
<b>Total Reserves</b>		<b>(7,143,741)</b>	<b>(6,616,212)</b>

**Appendix C - Reserve Funds (Interest Bearing)**  
**As at December 31, 2016 and December 31, 2017**

General Reserve Funds Account Name		Dec 31, 2016 Audited	Dec 31, 2017 Audited
Greater City Sick Leave Reserve Fund	Annual contributions from Operating Budget to be used to pay out accumulated sick leave credits. Employees in Fire Services and Pioneer Manor and accumulate 1.5 days per month of sick leave and comprise the majority of the liability. There is a small portion that relates to employees that predate amalgamation as the City of Greater Sudbury provides weekly indemnity and long term disability. Employees with sick leave credits are entitled to a payout of 50% of these credits, to a maximum of 6 months pay, when they retire. Total CGS liability at the end of 2017 is \$4.38 million.	(3,997,789)	(4,106,494)
Police Sick Leave Reserve Fund	This Reserve Fund is used to pay sick leave and other related payments to retiring Greater Sudbury Police Service Board employees in accordance with policies. Total Police liability at the end of 2017 is \$4.75 million.	(2,684,806)	(2,532,318)
Post Employment Benefits Reserve Fund	Funded from the Pensioners cost centre, balance in this Reserve Fund are to be used to fund post employment expenses. The total liability at the end of 2017 is \$33.5 million.	(1,534,818)	(1,564,003)
Police Services Post 65 Employment Benefits Reserve Fund	Police Services have set up this Reserve Fund to provide for retirees' benefits past the age of 65. This Reserve Fund can be funded from net expenditures in the Police Operating Budget or budgeted contributions.	(505,981)	(515,602)
Human Resources (HR) Management Reserve Fund	Balance in fund indicates favourable claims experience. To be used to fund claims and absorb fluctuations in benefit costs. Can also be used for any initiatives targeted to reduce or control expenses to the benefit plans and sick leave Reserve Fund. In addition, an unfunded liability of \$34 million at the end of 2017 relating to other post-employment benefits exists. The increase is due to receivable adjustment relating to funding arrangements relative to change in benefit carrier from 2017 to 2018 as well as uncommitted funds from an HR Committed Reserve Fund that is no longer required for OMERS.	(332,860)	(3,509,357)
H.R. Committed - Succession Planning Reserve Fund	Approved by Council for succession planning.	(871,224)	(660,432)
H.R. Committed Reserve Fund	Approved by Council for claims stabilization, other potential liabilities and the employee rewards and recognition program.	(4,171,531)	(2,388,545)
WSIB (Workers Safety Insurance Board) Reserve Fund	Established through contributions from operating by assessing 'premiums' on payroll. The Reserve Fund is used to pay invoices from WSIB and to pay rehabilitation expenses. The Reserve Fund ensures there is no detrimental impact on the Operating Budget. The balance in this Reserve Fund should be maintained and fully committed as there is a WSIB related liability at the end of 2017 of \$5.2 million. Pioneer Manor employees are classified under Schedule 1 where all other City employees are classified under Schedule 2 and thus self insured. The decrease is mainly due to higher WSIB claim costs including rise in rehabilitation costs, Post-Traumatic Stress Disorder (PTSD) and Chronic Stress, as well as presumptive cancer claims for Firefighters.	(3,109,109)	(2,188,823)
WSIB Committed Reserve Fund	Amount set aside as a contingency for catastrophic events.	(3,882,557)	(4,242,557)
Election Reserve Fund	This Reserve Fund is replenished, between Elections, through an annual contribution to the fund which spreads the costs across the four years between elections. The fund is also used for the Inauguration, Recounts, By-Elections, Ward Boundary Reviews and Election Compliance Audit Costs.	(1,292,267)	(1,486,758)
Insurance Reserve Fund	Funded through contributions from the Operating Budget and used to fund adjuster expenses and the deductible portion of claims. There are many outstanding claims, with the deductible portion of most claims being \$50,000. The fund is required to ensure that claims can be covered with no impact on the Operating Fund. If deductible limits or claims experience should increase, the annual contributions to this Reserve Fund may also have to be increased.	(1,610,023)	(1,713,837)
Land Acquisition Reserve Fund	Funded from net proceeds of sale of surplus property and used to fund purchases of any required property as approved by Council.	(1,890,980)	(2,655,685)
Parking Improvements Reserve Fund	Funded from net proceeds of parking facilities in excess of the net operating budget, and to be used on improvements or expansions to parking facilities. The balance is zero as the available funds have been transferred for projects approved as part of the 2018 Capital Budget such as the TDS Parking Garage Roof/Courtyard and Various Lots Surface Improvements. During 2017, Council approved an additional \$2.31 million from this reserve fund for the TDS Parking Garage Roof/Courtyard project. The annual payments are approximately \$330,000 until 2023 from future parking surpluses.	-	-

## General Reserve Funds

Dec 31, 2016

Dec 31, 2017

Account Name	Description / Explanation	Audited	Audited
Parking Improvements - Committed	Approved by Council for parking improvements from the annual Capital Budget, mainly for the TDS parking garage roof. Future funding from the Parking Improvements Reserve Fund Uncommitted for 2018 capital projects are to be transferred to this Committed Reserve Funds from future parking surpluses.	(3,749,338)	(783,502)
Pioneer Manor Donations Reserve Fund	Funded through fund raising activities and to be used for projects deemed to be beneficial to residents of Pioneer Manor.	(60,982)	(67,159)
Social Housing Capital Reserve Fund	Used to fund Social Housing Capital Projects authorized by Council. Operating surpluses in this section are to be credited to this Reserve Fund if the City is in an overall surplus position. Deficits may be funded from this Reserve Fund. This fund is capped at \$10 million.	(7,685,885)	(7,635,833)
Social Housing Capital - Committed	Approved by Council from the Operating Budget for contingencies as well as the Housing Portfolio Revitalization Study approved by Council during 2017.	(200,000)	(400,000)
Industrial Reserve Fund	Established from net proceeds of land sales in the Industrial Park and to be used for the expansion or creation of Industrial Parks or to fund the City's share for upgrading of City related infrastructure relating to Industrial Park Land Development and/or Development Cost Sharing Policy for Industrial Parks.	(2,304,947)	(2,361,367)
Industrial - Committed	Committed by Council primarily for completion of an environmental assessment for Walden Industrial Park and Industrial Land Infrastructure Assessment.	(703,242)	(678,185)
Community Initiatives Reserve Fund	Funded through contributions from Operating with Council approval for community projects with the funds being either conditional or required at a later time.	(1,798)	(8,106)
Community Initiatives - Committed	The 2017 balance represents funds committed as part of the 2017 Budget for Place des arts. The prior year balance related to the PET Scanner as well as the Library/Art Gallery study	(127,985)	(350,000)
Business Centre Reserve Fund	Originally established by the former Regional Municipality of Sudbury from the Industrial Reserve Fund, this Reserve Fund has continued through contributions from partners in the Business Centre. The balance therefore is not completely attributable to the City. The Business Centre was created to help businesses become established and viable. Surpluses and deficits in the Business Centre are credited to or debited from this fund.	(517,469)	(527,308)
Communications Infrastructure Reserve Fund	Annual budgeted amounts are contributed to this Reserve Fund for the replacement of Communication Infrastructure/Public Safety.	(454,765)	(576,281)
Communications Infrastructure - Committed	The balance in this Reserve Fund is committed for Backup Generators at communication tower sites.	(159,439)	(11,171)
Roads Winter Control Reserve Fund	Established in 2003 in accordance with Long Term Financial Plan recommendations as a stabilization reserve. May be used to offset Winter Control over expenditures. This Reserve Fund is capped at \$5 million. The decrease in this reserve is the result of approximately \$1.4 million required to fund the 2017 corporate year end deficit due to the winter control deficit.	(1,581,478)	(186,986)
Vegetation Enhancement Technical Advisory Committee (VETAC) Reserve Fund	Funded through donations and to be used for projects recommended by the Vegetation Enhancement Technical Advisory Committee, as authorized by Council.	(5,069)	(5,165)
Drainage and Stormwater Mgmt	This Reserve Fund is funded through the annual Operating Budget and from excess capital funds from drains and stormwater management Capital Projects and can be used to fund any net over expenditures in the Drains Operating Budget. These funds are also used to fund the municipal share of the construction costs of new drains or drainage and stormwater management Capital Projects. The decrease represents funds committed for projects in the 2017 and 2018 Capital Budgets.	(1,039,515)	(339,794)
Drainage and Stormwater Mgmt - Committed	Funds set aside for Capital Projects to be completed in future years, as previously approved by Council. The balance in this Reserve Fund is committed for Paquette Whitson Drain, Mountain Street, Horizon Stormwater Facility, Watershed Studies, Green Avenue Stormwater and Facer Street Stormwater.	(7,454,294)	(7,898,406)
Police Services Donations Reserve Fund	Under control of the Police Services Board and to be used for crime prevention initiatives.	(128,445)	(150,365)

General Reserve Funds

Dec 31, 2016    Dec 31, 2017

Account Name		Audited	Audited
Police Services Board Reserve Fund	Funded from the Greater Sudbury Police Services (GSPS) annual Board Auction, as well as Interest earned from Investments, and monies recovered as a result of seized property. This Reserve Fund is to be used for charitable or other events the Board deems suitable including any purpose that GSPS considers in public interest in accordance with Section 132/133 of Police Services Act.	(40,169)	(33,275)
Library & Citizen Service Centres Reserve Fund	When the City is in a surplus position overall, any Library surplus is contributed to this reserve fund, and deficits may be funded from this reserve fund. In addition, any excess funds from Capital Projects is contributed to this reserve fund which can be used for Capital Projects. In 2017, \$50,000 was committed to the Joint Art Gallery/Library project.	(175,883)	(134,934)
Library & Citizen Service Centres - Committed	The 2017 balance is the remaining funds set aside for the Joint Art Gallery/Library that will be spent in 2018.	-	(5,939)
Cemeteries Reserve Fund	This Reserve Fund is funded through any annual cemetery operating surplus and excess funds from cemetery capital projects. This fund is to be used only to fund cemetery operating deficits and for cemetery capital projects. The 2018 Capital Budget committed \$150,000 for Niche Walls at Valley East Cemetery as well as Roof and HVAC repairs at Civic Cemetery.	(112,383)	(132,766)
Cemeteries - Committed	Funds approved from Capital Budgets for various projects such as Niche Walls, roof and HVAC repairs at Civic Cemetery as well as Lot Expansion. It also includes annual loan repayment for Phase 5 of the Civic Cemetery Mausoleum.	(231,513)	(232,174)
Economic Development Reserve Fund	Authorization of Council is required to contribute to or expend from this Reserve Fund for economic development projects.	(14,736)	(18,092)
Economic Development - Committed	Committed funds for various projects as approved by Council including the Town Centre Community Improvement Plans.	(193,430)	(130,930)
199 Larch Street Building	Established at time of purchase of the 199 Larch Street building, with annual contributions from the operating surplus of this building. To be used to fund major capital repairs, thus preventing a substantial impact on the operating budget. Surpluses in this section shall be credited to the reserve fund and deficits are to be funded from this reserve fund. Entire balance is committed for Capital Projects approved by Council from previous Capital Budgets along with borrowing from the Capital Financing Reserve Fund - General when needed in relation to timing of capital projects to be funded from future revenues of 199 Larch Street building.	(1,483,308)	(1,416,857)
<b>Total General Reserve Funds</b>		<b>(64,309,997)</b>	<b>(51,649,066)</b>

**Appendix C - Reserve Funds (Interest Bearing)**  
**As at December 31, 2016 and December 31, 2017**

Capital Financing Reserve Funds		Dec 31, 2016	Dec 31, 2017
Account Name	Description / Explanation	Audited	Audited
CFRF - Information Technology	Funded from any under expenditures in the Information Technology section, if the City is in an overall surplus position. Also funded from excess funds in related Capital Projects. To be used for information technology Capital Projects. As part of the 2018 Capital Budget, \$208,638 was committed to fund SAN replacement and licenses.	(2,640,485)	(2,510,194)
CFRF - Information Technology - Committed	Approved funds from 2018 and earlier Capital Budgets including SAN replacement, Microsoft products, Business Applications, GIS, licenses, City Website and Website Content Editor.	(1,295,406)	(979,691)
Equipment & Vehicle Replacement Reserve Fund	Funded through contributions from the annual operating budget from equipment credits. Proceeds from sale of vehicles and equipment are also credited to this account. This Reserve Fund is used for capital replacement of City fleet vehicles and equipment. As part of the 2018 Capital Budget, \$2,760,000 was approved for a variety of Fleet purchases where additional \$1.1 million needs to be committed in 2018 which is ultimately funded from a contribution from Operating.	-	(44,112)
Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase fleet equipment and vehicles as authorized by Council mainly from the 2018, 2017 and 2016 Capital Budgets.	(3,924,396)	(2,974,147)
Police Equipment & Vehicle Replacement Reserve Fund	Funded through contributions from the annual Police operating budget and excess funds from Capital Projects. This Reserve Fund is controlled by the Police Services Board and is planned to be fully utilized based on the planned replacements and necessary equipment. As part of the 2018 Capital Budget, \$557,400 was committed for a variety of Police equipment purchases.	(172,079)	(523,544)
Police Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase new Police equipment and vehicles as determined by the GSPS Board and approved in annual Capital Budgets.	(1,075,935)	(692,955)
CFRF - Transit	Funded through excess funds for Capital Projects and the proceeds from the sale of used Transit equipment. This Reserve Fund shall be used for Transit Capital Projects as authorized by Council.	(6,138)	(40,020)
CFRF - Transit - Committed	Committed funds from 2016 and 2017 Capital Budgets for garage improvements, and scheduling software upgrades.	(328,518)	(171,054)
Recycling Equipment Replacement Reserve Fund	Funded through annual contributions from the operating budget. The current recycling equipment is over 15 years old and has almost reached the end of its useful life. It is anticipated that the equipment will have to be replaced within the next few years, and the full balance of this fund will be required.	(677,599)	(764,400)
Parks Vehicle & Equipment Replacement Reserve Fund	Funded through an annual contribution from the operating budget, from excess funds from Capital Projects, and proceeds from the sale of used parks equipment. This Reserve Fund is to be used on replacement of parks related equipment/vehicles. As part of the 2018 Capital Budget, \$100,000 was committed for the purchase of mowers, spreader/overseeder, aerator, utility vehicle, trimmers and a tractor.	(106,535)	(157,516)
Parks Vehicle & Equipment Replacement - Committed	Funds committed for the purchase of new Parks equipment and vehicles as approved in 2018, 2017 and 2016 Capital Budgets.	(119,284)	(202,035)
CFRF - Environmental Services	Funded from excess funds in Environmental Services Capital Projects. To be used only for Environmental Services Capital Projects. The balance of this Reserve Fund is required for projects identified in the approved Certificate of Approval for the landfill sites. The post-closure liabilities amounted to \$14.9 million at the end of 2017.	(47,610)	(67,210)
CFRF - Environmental Services - Committed	Represents funds approved in 2012 to 2017 Capital Budget for various projects including cell closures at Hamner and Sudbury Landfill Sites as well as Scales, Guards and Scalehouses and Construction & Demolition Recycling Site at the Sudbury Landfill Site.	(815,210)	(594,020)
CFRF - CLELC	Funded through excess capital funds in Lionel E. Lalonde Centre Capital Projects. This fund will be used for future Capital Projects.	(85,051)	(143,212)

Capital Financing Reserve Funds  
Account Name

Dec 31, 2016  
Audited

Dec 31, 2017  
Audited

Account Name	Description / Explanation	Dec 31, 2016 Audited	Dec 31, 2017 Audited
CFRF - General	One half of any annual operating surplus or deficit is contributed to or funded from this Reserve Fund. It is also the only source of funding for Capital Projects that have no capital envelope. In 2017, \$148,863 was committed to fund the anticipated deficit for the 199 Larch Street Reserve to ensure sufficient funding available for projects approved in the 199 Larch Street capital budgets.	-	-
CFRF - General - Committed	Represents funds committed by Council for a number of one-time Capital Projects. The balance includes Council's decisions from 2013-2017 including Farmer's Market renovations/improvements, TDS elevator upgrades, Fire Records Management System, Solar Panels and commitment for 199 Larch Street.	(4,819,151)	(3,996,840)
CFRF - Peoplesoft / ERP	Funded from excess funds in related Capital Projects. To be used only for Peoplesoft / ERP Capital Projects.	(1,009,112)	(1,032,493)
CFRF - Peoplesoft / ERP - Committed	Funds committed from annual Capital Budgets for future Peoplesoft / ERP Capital Projects.	(254,865)	(133,096)
CFRF - Planning	Funded from excess funds in related Capital Projects. To be used only for Planning related Capital Projects.	(236,661)	(268,162)
CFRF - Planning - Committed	Funds committed from the Growth Related Capital Envelope (to be used for the City's share for Development Cost Sharing Policy) and population projection growth study.	(1,214,539)	(1,018,248)
CFRF - Corp Infrastructure	Funded from any under expenditures in related Capital Projects. To be used only for corporate infrastructure (i.e. telephone systems, Council Chambers/Committee Rooms, etc.).	(2,737)	(3,876)
CFRF - Corp Infrastructure - Committed	Represents funds committed by Council from the 2017 Capital Budget for telephone upgrades.	(82,902)	(48,404)
CFRF - Public Works Buildings	Funded from excess funds in related Capital Projects. To be used only for assets (buildings) projects excluding Community Development buildings. As part of the 2018 Capital Budget, \$365,000 was committed for TDS Courtyard and Public Works Repairs.	(13,784)	(27,509)
CFRF - Public Works Buildings - Committed	Funds committed for salt domes and public works depots, TDS Courtyard and Public Works Depot repairs.	(1,279,150)	(1,040,908)
CFRF - Police Services	Funded from excess funds of Police Capital Projects and from net under expenditures in the Police Services operating budget provided the City is in a surplus position. Will be used to fund any Police Services operating budget over expenditures or Police Services Capital Projects. Reserve is under the control of the Police Services Board. As part of the 2018 Capital Budget, \$616,071 was committed for a variety of Police Services projects.	(1,122,070)	(1,390,225)
CFRF - Police Services - Committed	Committed funds for various projects from previous Capital Budgets, most notably building/leasehold renovations and various equipment.	(4,679,290)	(4,896,208)
CFRF - Roads	Funded from excess funds in related Capital Projects. To be used only for Roads Capital Projects. The decrease relates to funds committed from the 2018 Capital budget as well as approved property acquisitions during 2017.	(3,654,823)	(1,286,850)
CFRF - Roads - Committed	Balance contains funds committed from 2018 and earlier Capital Budgets and for approved Capital Projects which are currently in progress. Funding set aside for Capital Projects include Maley Drive, Barry Downe Extension, Lorne Street, Whitson Paquette and Horizon Drains, Cycling Infrastructure, Capreol CIP, Depot Upgrades, Property Acquisition, and several Bridges.	(28,581,252)	(21,565,106)

Capital Financing Reserve Funds

Account Name	Description / Explanation	Dec 31, 2016 Audited	Dec 31, 2017 Audited
CFRF - Wastewater	Funded from excess funds in related Capital Projects. In addition, surpluses and deficits in Wastewater operations are contributed to or funded from this Reserve Fund. To be used only for Wastewater Capital Projects including any project necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. Balance has decreased due to funds committed as part of the 2018 Capital Budget and Council reports in 2017 of approximately \$2.6 million for Depot Upgrades, Sudbury WWTP Blower, Sewer Annual Rehabilitation and property acquisition. In addition, this reserve fund was used to fund the 2017 year end deficit of approximately \$1.2 million.	(7,688,269)	(5,807,815)
CFRF - Wastewater - Committed	Balance contains funds committed from 2018 and earlier Capital Budgets including Meatbird Transfer Station, Preventative Plumbing Subsidy, Sanitary Rock Tunnel Inspections, Valley East WWTP Upgrades, Azilda WWTP Upgrades as well as Upgrades to Primary Lagoons. Also, includes the wastewater stabilization which is based on 10% of revenues as per the Reserve Fund by-law.	(9,049,589)	(9,864,204)
CFRF - Water	Funded from excess funds in related Capital Projects. In addition, surpluses and deficits in the Water operations are contributed to or funded from this Reserve Fund. To be used only for water Capital Projects including any projects necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. Balance decreased due to 2018 Capital Budget commitments and in year Council approvals offset by capital project surpluses and the 2017 operating surplus.	(4,903,559)	(3,575,162)
CFRF - Water - Committed	The balance contains funds committed from 2018 and earlier Capital Budgets including the Automatic Meter Reading (AMR) Water Meters, Maley, Lorne Street and MR 35. Also, includes the water stabilization amount which is based on 10% of revenues as per the Reserve Fund by-law.	(11,552,582)	(12,600,634)
CFRF - Health and Social Services	Funds set aside for Capital Projects for Pioneer Manor and other Health and Social Services Initiatives. Funded from excess funds in related Capital Projects.	(166,713)	(170,710)
CFRF - Health and Social Services - Committed	This amount represents previously approved funds for fire code compliance and health initiatives.	(77,435)	(69,642)
CFRF - Fire	Funded from excess funds in related Capital Projects. To be used only for Fire Services Capital Projects.	(100,220)	(186,786)
CFRF - Fire - Committed	Committed funds for pumper equipment from a previous years Council report.	(64,278)	(35,189)
CFRF - Emergency Medical Services	Funded through annual contributions from the Operating Budget and net proceeds from sale of equipment/vehicles. Must be used for ambulance Capital Projects including all vehicles, equipment and stations. May be subject to having to return funds to Province if not used for projects specific to EMS.	(1,194,344)	(2,437,178)
CFRF - Emergency Medical Services - Committed	Balance contains committed funds approved in previous years Capital Budgets for various projects including Kronos upgrade, Power Stretchers, Paramedic Response Units, Defibrillators and Personal Protective Equipment	(1,665,066)	(690,604)
CFRF - Leisure Services - Committed	Current and past committed funds approved by Council include Regreening of St Joseph's Parking Lot, Adanac Ski Lift upgrades, Brady Green Stairs, Capreol CIP and Elgin Street Greenway. Also, includes funds received from cold drink supplier contract for municipal arenas for arena scoreboard and other equipment replacement.	(2,701,775)	(2,004,298)
CFRF - Leisure Services	Funded from excess funds in related Capital Projects and development charges (which causes surplus in Capital Projects). To be used for Leisure related Capital Projects. As part of the 2018 Capital Budget, \$200,000 was committed for the Elgin Street Greenway	(410,898)	(620,098)
<b>Total Capital Financing and other Capital Reserve Funds</b>		<b>(97,819,309)</b>	<b>(84,634,343)</b>



Appendix D: Tax Discretionary Reserves (less WWW) as % of Taxation for Municipalities with over 100,000 Population

