

## For Information Only

### Consolidated Reserves and Reserve Funds Balances as of December 31, 2016

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Wednesday, Jun 07, 2017
Type:	Correspondence for Information Only

#### Resolution

For Information Only

#### Relationship to the Strategic Plan / Health Impact Assessment

This report refers to operational matters.

#### Report Summary

The purpose of this report is to provide Council with the balance in the reserves and reserve funds as December 31, 2016.

#### Financial Implications

This report has no financial implications.

#### Signed By

**Report Prepared By**

Apryl Lukezic  
Co-ordinator of Budgets  
*Digitally Signed Jun 7, 17*

**Division Review**

Ed Stankiewicz  
Executive Director of Finance, Assets and Fleet  
*Digitally Signed Jun 7, 17*

**Recommended by the Department**

Kevin Fowke  
General Manager of Corporate Services  
*Digitally Signed Jun 7, 17*

**Financial Implications**

Apryl Lukezic  
Co-ordinator of Budgets  
*Digitally Signed Jun 7, 17*

**Recommended by the C.A.O.**

Ed Archer  
Chief Administrative Officer  
*Digitally Signed Jun 7, 17*

## 2016 Reserves & Reserve Funds Report

### EXECUTIVE SUMMARY:

The purpose of this report is to provide Council with an overview of the balances in the reserve and reserve funds at December 31, 2016.

Overall, the consolidated reserve and reserve funds have decreased \$5.4 Million from \$166 Million to \$160.6 Million during 2016.

In summary, the following are the highlights:

(in millions)	<b>2016</b>
Balance: January 1, 2016 <b>(non consolidated)</b>	\$164.9
Add: Interest	2.8
Less: Net transfers from Operating	2.5
Net transfers to Capital	(11.0)
Balance: December 31, 2016	159.2
Add: Reserves of Consolidated Entities	1.4
<b>Balance: December 31, 2016 (consolidated)</b>	<b>\$160.6</b>

The non consolidated balances consist of:

(in millions)	<b>2015</b>	<b>2016</b>
Reserves	8.2	7.1
General Reserve Funds	58.1	54.3
Capital Financing and other Capital Reserve Funds	98.6	97.8
<b>Total Reserve and Reserve Funds</b>	<b>\$164.9</b>	<b>\$159.2</b>

### BACKGROUND:

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 2016.

Reserves and reserve funds are generally set aside for significant future purchases, to replace major capital infrastructure, are accumulated to meet a growing future liability, or are simply accumulated to provide a buffer for significant unanticipated

expenditures beyond the control of Council.

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.

As outlined in the BMA study, reserves and reserve funds are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves, as outlined in the report, 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 being consumed and depreciated
- Avoid spikes in funding requirements of the capital budget by reducing their reliance on long-term debt borrowings
- Provide a source of internal financing
- Ensure adequate cash flows
- Provide flexibility to manage debt levels and protect the municipality's financial position
- Provide for future liabilities incurred in the current year but paid for in the future

Reserves offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally. The level of reserves and reserve funds is a key measure of the financial health of a municipality. Compared to other municipalities in Ontario, the City is below the median as it pertains to reserves and reserve funds as a percentage of total taxation, as identified in the 2016 BMA municipal study which is based on statistics for 2015. The ratio used is total reserve and reserves funds (excluding water/wastewater) as a percentage of taxation revenues. In 2015, 39 of 102 participants in the study have a lower percentage than Sudbury. The results across the survey range from a low of -5% to a high of 207% in 2015. In 2015, the City increased to 57% from 54%.

## **2016 Reserves and Reserve Fund Balances**

The reserve balance as of December 31, 2016 of \$159.2 million includes \$7.1 million in reserves, \$54.3 million in general reserve funds and \$97.8 million in capital financing reserve funds. The 2015 reserve and reserve fund balances included \$8.2 million in reserves, \$58.1 million in general reserve funds and \$98.6 million in capital financing and other capital reserve funds for a total of \$164.9 million. The primary difference between the 2016 forecast and actual year end results are the delay in spending funds set aside (or "committed") for capital projects as these are completed over several years and estimated spending was based on the budgeted amounts.

Of the total balance of \$159.2 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 \$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 Capital Budget Policy.

## **By-law**

By-law 2015-9, being the by-law to establish and continue reserves, reserve funds and trust funds, is reviewed on a periodic basis and recommendations to establish, discontinue or consolidate reserves are brought to Council for approval, and for authority to amend the By-law.

## **Trust Funds**

Trust funds are not included in this report. Trust funds are monies of others, being held in trust by the City, for specific purposes. The money is spent on the intended purpose or returned to the original source. Examples of trusts are the cemetery trust where money has been received and is held in trust to ensure perpetual care and maintenance of the cemeteries, or the funds belonging to residents of Pioneer Manor being held in trust for them.

## **Deferred Revenue - Obligatory Reserve Funds**

Obligatory Reserve Funds are not included in this report as they represent deferred revenues also known as unearned revenue. Deferred revenues represent funds received from others for specific projects for which the actual costs or spending of these funds for the specific projects have not occurred as of a point in time.

The balance as at December 31, 2016 was \$43.5 million, up from \$36.6 million in 2015. Deferred Revenue - Obligatory Reserve Funds, that by nature of the revenues received, involve restrictions on their use and are not available for the discretionary use of Council. The Obligatory Reserve Funds includes Federal and Provincial Gas Tax Revenues, various deposits (ie. parks, asphalt, etc) relating to subdivisions and site plan agreements, Building Permit Revenues and Development Charges collected but not

earned. The increase mainly relates to spending on capital projects funded with Federal Gas Tax Revenues due to timing of capital expenditures (ie. Lorne Street). In addition, there are development charges collected but not earned due to the timing of the capital projects such as the Fire/EMS Station Development and the Police Headquarters Expansion. Lastly, there is an addition of \$1.6 million for the Social Housing Apartment Retrofit Program (SHARP).

As mentioned above, development charges (DC) collected are included in an obligatory reserve fund by each service area as outlined in the 2014 DC background study. The general purpose of development charges is to fund the growth related portion of capital projects. However, the development charges collected does not cover the full cost of growth through several exemptions as per the DC Act as well as the City's DC By-Law. Therefore, if reserve funds are insufficient, it will require other funding sources for the difference such as reprioritization/delay of capital projects, obtain external debt, or impact on the annual tax levy (to generate additional funds for specific projects and/or for annual debt repayments).

## **Reserve Fund Guiding Principles**

The following are the guiding principles that the City has considered since amalgamation in order to ensure proper financial planning related to important service related capital assets and liabilities.

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.

The City needs to address these guiding principles through the establishment of and continuation of increased funding for reserves, especially in terms of recent studies completed such as the Asset Management Plan and Long Term Financial Plan.

## Long Term Financial Plan

The Long Term Financial Plan prepared by KPMG and presented to Council in April 2017 further stressed the importance of establishing appropriate reserve and reserve fund balances to achieve the following financial principles: long-term sustainability; and appropriate funding for services. Long-term sustainability is to ensure that the City considers long-term implications in relation to financial decision making and to ensure that there are sufficient sources of funding to achieve the City's role and responsibility over the long-term. Appropriate funding for services is meant to ensure the City's approach to financing services for long term investments and liabilities reflect a fair allocation of costs to residents based on (i) usage; and (ii) ability to pay and that the City's funding will be consistent with the timeframe of the expenditure.

Specifically, the long-term financial plan recommends the following change relating 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 reevaluation of reserves and reserve funds where minimum and maximum amounts have already been established.”

This plan also reviewed the financial indicator of “total reserves and reserve funds per household”. This financial indicator “provides an assessment of the City's ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, user fees or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, requiring the City to revert to taxation or user fee increases or the issuance of debt”. The City has been shown to be at the low end of the recommended range; however there are potential limitations with this indicator as the City has a significant amount of reserves and reserve funds committed to specific projects or purposes and may not necessarily be available to fund incremental costs or revenue losses. As reserves are not funded, the City may not actually have access to financial assets to finance additional expenses or revenue losses.

## Asset Management Plan

The Asset Management Plan identified a total of \$3.1 billion of tangible capital assets that are at, or will reach, the end of their useful lives within the 10 year planning horizon of the long-term financial plan. The long-term financial plan included a capital levy as a potential financial strategy as the financial model forecasted \$1.4 billion in capital expenditures over the next 10 years, resulting in a shortfall of \$1.7 billion.

The capital levy financial strategy was explained in the long-term financial plan 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."

A capital levy should be considered in future budgets to balance with existing pressures on the tax levy. During 2017, the City will be hiring an Asset Management Coordinator, as approved by Council as part of the 2017 Budget. This position will lead the process of obtaining asset condition information to assist with the prioritization of capital projects and the allocation of capital envelopes.

Overall, the asset management plan illustrates the shortfall in tax levy funding needs for renewal / replacement requirements of our capital assets. The ability for the City to maintain and grow its reserve funds for future renewal / replacements are important to minimize the annual impact on taxpayers.

## **CONCLUSION:**

Although this is a routine, annual report on reserve and reserve fund balances, staff are making renewed efforts at enterprise wide, long term asset management and impacts on both the capital budget and reserve and reserve fund policy. It is anticipated that this work will lead to an enterprise wide approach to capital budgeting and to fewer department and program specific reserve funds as staff address the most critical needs among intense capital financing pressures the City will be facing over the next five to ten years. Therefore, it is recommended that the City continue to implement and foster prudent reserve and reserve fund policies.

In addition, it is important that reserves and reserve funds are maintained in the event that unanticipated expenditures are incurred or if revenues are not received in order to minimize impact on future property tax levy rates.

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

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

	2012	2013	2014	2015	2016
CGS Reserves	\$9,533	\$7,402	\$5,551	\$8,166	\$7,144
CGS Reserve Funds	145,833	148,196	150,674	156,747	152,129
Total CGS Reserves & Reserve Funds	155,366	155,598	156,225	164,913	159,273

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

	2012	2013	2014	2015	2016 *
Reserves and Reserve Funds as a % of Taxation	56.0%	54.0%	54.0%	57.0%	52.8%
BMA Study – Median	62.0%	63.0%	64.0%	70.0%	N/A
BMA Study – Low	-36.0%	-21.0%	-12.0%	-5.0%	N/A
BMA Study – High	256.0%	217.0%	193.0%	207.0%	N/A

\* 2016 BMA results are not available, therefore the percentage is calculated with no comparables for 2016.



**Appendix B - Reserves (non interest-bearing)  
As at December 31, 2015 and December 31, 2016**

Reserves Account Name	Account Description	Dec 31, 2015 Audited	Dec 31, 2016 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.	(576,075)	(555,739)
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 professional assistance for ERP projects, security and related equipment at TDS, Valley East Youth Centre and Physician Recruitment.	(641,948)	(629,289)
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 had been made. During 2013, Council approved a transfer of \$194,000 to this Reserve for Emergency Shelters which wasn't required in 2014, 2015 or 2016.	(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, \$1,165,000 has been committed for the Event Centre Study and TDS Elevator Upgrades. The decrease in this reserve is the result of \$414,887 required to balance the 2016 year end vs. budget as well as funds committed for projects approved in 2016 and 2017 budgets as described within 'Tax Rate Stabilization Reserve - Committed'.	(5,278,795)	(3,642,990)
Tax Rate Stabilization Reserve - Committed	Represents funds committed by Council for a number of one-time programs. The balance includes all of Council's decisions up to December 31, 2016. Committed projects at the end of 2016 includes funding set aside for Transit Familiarization, Transit Passes, Sidewalk Plows, 2021 Canada Summer Games, Volunteer Fire Fighters, Lightning Protection, Joint Art Gallery and Library and Feasibility Assessment for Sports Complex.	(265,041)	(969,722)
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.	(264,030)	(257,931)
Accessibility Reserve	This Reserve is used in consultation with the Accessibility Advisory Panel for transformative projects which change how the community perceives accessibility. During 2016, Council approved a transfer of \$50,000 to the accessibility reserve. The decrease in this reserve is the result of the final spending for the Bell Park accessibility project.	(157,100)	(105,507)
<b>Total Reserves</b>		<b>(8,165,551)</b>	<b>(7,143,741)</b>

**Appendix C - Reserve Funds (Interest Bearing)**  
**As at December 31, 2015 and December 31, 2016**

General Reserve Funds Account Name		Dec 31, 2015 Audited	Dec 31, 2016 Audited
Greater City Sick Leave Reserve Fund	Annual contributions from Operating Budget to be used to pay out accumulated sick leave credits. Most employees no longer receive sick leave credits, but are covered through weekly indemnity and long term disability. Sick leave credits in existence at the time of the change were left intact, and employees are entitled to a payout of 50% of these credits, to a maximum of 6 months pay, when they retire. Employees at Pioneer Manor and Fire Services still accumulate 1.5 days per month of sick leave. Total CGS liability at the end of 2016 is \$3.97 million.	(3,936,760)	(3,997,789)
Police Sick Leave Reserve Fund	Balance in fund is to pay sick leave and other related payments to retiring Greater Sudbury Police Service employees in accordance with policies of the City of Greater Sudbury. Total Police liability at the end of 2016 is \$4.89 million.	(2,540,011)	(2,684,806)
Post Employment Benefits Reserve Fund	Funded from the Pensioners cost centre, balances in this Reserve Fund are to be used for the purpose of funding post employment expenses.	(1,506,672)	(1,534,818)
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.	(496,702)	(505,981)
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 \$32 million at the end of 2016 relating to post-employment benefits exists. The decrease is mainly due to the need to fund the City's deficit in life and long term disability (LTD) with the City's benefit insurer and organization changes in 2015 and 2016.	(4,092,015)	(332,860)
H.R. Committed - Succession Planning Reserve Fund	Approved by Council for succession planning.	(1,287,177)	(871,224)
H.R. Committed Reserve Fund	Approved by Council for claims stabilization, other potential liabilities and the employee rewards and recognition program.	(4,413,671)	(4,171,531)
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 in order to have funds available should the City experience any catastrophic loss. 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 costs including rehabilitation costs and Post-Traumatic Stress Disorder (PTSD) claims.	(3,815,191)	(3,109,109)
WSIB Committed Reserve Fund	Amount set aside as a contingency for catastrophic events.	(3,522,557)	(3,882,557)
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.	(1,084,429)	(1,292,267)
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.	(1,649,994)	(1,610,023)
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.	(1,614,079)	(1,890,980)
Land Acquisition - Committed	Funds were committed for the purchase of land on Ramsey Lake Road as approved by Council, which was purchased in early 2016.	(272,500)	0
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. As part of the 2017 Capital Budget, \$210,261 was committed for improvements and Paris ramp heat repair. 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 for the next 7 years from future parking surpluses.	(1,207,922)	-

General Reserve Funds

Dec 31, 2015 Dec 31, 2016

Account Name		Audited	Audited
Parking Improvements - Committed	Approved by Council for parking improvements from the annual Capital Budget, mainly for the TDS parking garage roof.	(2,160,751)	(3,749,338)
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.	(56,161)	(60,982)
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.	(7,541,268)	(7,685,885)
Social Housing Capital - Committed	Approved by Council from the Operating Budget for contingencies.	(200,000)	(200,000)
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.	(2,249,781)	(2,304,947)
Industrial - Committed	Committed by Council primarily for completion of an environmental assessment for Walden Industrial Park and Industrial Land Infrastructure Assessment.	(703,242)	(703,242)
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.	(34,951)	(1,798)
Community Initiatives - Committed	At the beginning of 2016, funds of \$100,000 were committed for the PET Scanner from the result of the approved 2016 Budget Option, which was transferred from Operating and will be paid out once all funding has been received for the PET Scanner. Additionally, \$35,000 was committed in 2016 for the joint Library / Art Gallery which was offset by expenses of \$7,015.	-	(127,985)
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.	(537,396)	(517,469)
Communications Infrastructure Reserve Fund	Annual budgeted amounts are contributed to this Reserve Fund for the replacement of Communication Infrastructure/Public Safety.	(390,496)	(454,765)
Communications Infrastructure - Committed	The balance in this Reserve Fund is committed for Backup Generators at tower sites.	(350,000)	(159,439)
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 \$1,600,000 required to balance the 2016 year end vs. budget	(3,123,133)	(1,581,478)
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.	(4,976)	(5,069)
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.	(711,144)	(1,039,515)
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 Whitson Paquette Drain, Mountain Street, Horizon Stormwater Facility, and Watershed Studies.	(6,485,973)	(7,454,294)
Police Services Donations Reserve Fund	Under control of the Police Services Board and to be used for crime prevention initiatives.	(106,267)	(128,445)
Police Services Board Reserve Fund	Funded from the Greater Sudbury Police Services 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.	(38,201)	(40,169)
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. The decrease in this reserve is the result of \$186,592 required to balance the 2016 year end vs. budget.	(307,487)	(175,883)

**General Reserve Funds**  
**Account Name**

**Dec 31, 2015**    **Dec 31, 2016**  
**Audited**        **Audited**

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 2017 Capital Budget committed \$150,000 for Lot Expansion, Columbarium Niche Walls and Irrigation / Tree Removal.	(219,367)	(112,363)
Cemeteries - Committed	Funds approved during 2013, 2014, 2015, and 2016 Capital Budgets for various projects such as Civic Cemetery Road Realignment, Columbia Niche Walls, Lot Expansion and Irrigation. It also includes annual loan repayment for the Phase 5 of the Civic Cemetery Mausoleum.	(103,696)	(231,513)
Economic Development Reserve Fund	Authorization of Council is required to contribute to or expend from this Reserve Fund for economic development projects.	(71,334)	(14,736)
Economic Development - Committed	Committed funds for various projects as approved by Council including Physician Recruitment, Town Centre Community Improvement Plan, and Arena/Entertainment Centre Consultant.	(307,132)	(193,430)
199 Larch Street Building	Established at time of purchase of the 199 Larch Street building, with annual contributions. 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 St.	(999,673)	(1,483,308)
<b>Total General Reserve Funds</b>		<b>(58,142,106)</b>	<b>(54,309,997)</b>

**Appendix C - Reserve Funds (Interest Bearing)**  
**As at December 31, 2015 and December 31, 2016**

<b>Capital Financing Reserve Funds</b>		<b>Dec 31, 2015</b>	<b>Dec 31, 2016</b>
<b>Account Name</b>		<b>Audited</b>	<b>Audited</b>
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 2017 Capital Budget, \$253,370 was committed to fund servers and licenses.	(3,559,247)	(2,640,485)
CFRF - Information Technology - Committed	Approved funds from previously and 2017 Capital Budgets including Business Applications, GIS, servers, licenses, City Website, Website Content Editor and Audit Logging Software.	(512,603)	(1,295,406)
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 2017 Capital Budget, \$2,167,941 was committed for a variety of Fleet purchases, which is ultimately funded from a contribution from Operating.	(1,910,243)	-
Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase fleet equipment and vehicles as authorized by Council mainly from the 2016 and 2017 Capital Budget.	(748,151)	(3,924,396)
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 2017 Capital Budget, \$1,040,400 was committed for a variety of Police equipment purchases.	(1,570,255)	(172,079)
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.	(259,845)	(1,075,935)
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. As part of the 2017 Capital Budget, \$115,835 was committed for scheduling software, handi transit buses and accelerated shelter restoration.	(305,885)	(6,138)
CFRF - Transit - Committed	Committed funds from previous and 2017 Capital Budgets for garage improvements, transit buildings/bus shelters, bus rebuilds, accelerated shelter restoration, handi transit buses and scheduling software.	(91,948)	(328,518)
Recycling Equipment Replacement Reserve Fund	Funded through annual contributions from the operating budget and used to pay for annual lease payments for recycling equipment currently in use. The 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.	(639,737)	(677,599)
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 2017 Capital Budget, \$100,000 was committed for the purchase of groomers, yard rakes and tractor attachments.	(169,120)	(106,535)
Parks Vehicle & Equipment Replacement - Committed	Funds committed for the purchase of new Parks equipment and vehicles as approved in 2016 and 2017 Capital Budgets.	(53,539)	(119,284)
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, in particular the Sudbury site which is slated to become the only landfill site in the City once all other sites are closed. The post-closure liabilities amounted to \$14.4 million at the end of 2016. The decrease from 2015 to 2016 is due to funds used as part of the 2016 Capital Budget.	(173,728)	(47,610)
CFRF - Environmental Services - Committed	Represents funds approved in 2012 to 2016 Capital Budget for various projects including cell closures at Hanmer and Sudbury Landfill Sites as well as Scales, Guards and Scalehouses and Construction & Demolition Recycling Site at the Sudbury Landfill Site.	(799,538)	(815,210)
CFRF - CLELC	Funded through excess capital funds in Lionel E. Lalonde Centre Capital Projects. This fund will be used for future Capital Projects.	(30,564)	(85,051)

Capital Financing Reserve Funds  
Account Name

Dec 31, 2015  
Audited

Dec 31, 2016  
Audited

Account Name		Dec 31, 2015 Audited	Dec 31, 2016 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. During the year \$136,366 was committed to the 199 Larch Street Reserve to ensure sufficient funding available for projects approved in the 199 Larch Street capital budgets as well as an additional \$3,903 for the Ramsey Lake Road purchase.	(32,150)	-
CFRF - General - Committed	Represents funds committed by Council for a number of one-time Capital Projects. The balance includes all of Council's decisions to December 31, 2016 including Farmer's Market renovations/improvements, elevator upgrades at TDS, Fire Records Management System, and Asbestos audits for Leisure facilities as well as Solar Panels approved during 2016 and additional commitment for 199 Larch Street based on timing of cash flows for its capital budget.	(6,389,062)	(4,819,151)
CFRF - Peoplesoft / ERP	Funded from excess funds in related Capital Projects. To be used only for Peoplesoft / ERP Capital Projects.	(981,429)	(1,009,112)
CFRF - Peoplesoft / ERP - Committed	Funds committed from annual Capital Budgets for future Peoplesoft / ERP Capital Projects.	(582,721)	(254,865)
CFRF - Planning	Funded from excess funds in related Capital Projects. To be used only for Planning related Capital Projects.	(253,798)	(236,661)
CFRF - Planning - Committed	Funds committed for the Official Plan as well as future Growth Related Projects and population growth study.	(937,928)	(1,214,539)
CFRF - Corp Infrastructure	Funded from any under expenditures in related Capital Projects. To be used only for corporate infrastructure (i.e. telephone systems, docutech equipment, etc.).	(32,034)	(2,737)
CFRF - Corp Infrastructure - Committed	Represents funds committed by Council for various projects from the earlier Capital Budgets. This includes the \$82,902 set aside for Telephone Upgrades (VOIP).	(59,359)	(82,902)
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 2017 Capital Budget, \$450,000 was committed in 2016 for the Downtown Transit Terminal Door Upgrade and St. Clair Roof.	(605,880)	(13,784)
CFRF - Public Works Buildings - Committed	Previously approved funds from amalgamation for salt domes and depots which will be spent after completion of the Facility Rationalization and Works Depots studies. This balance includes approved funds for door upgrades for the downtown transit terminal, St. Clair roof, boiler replacement, loading dock at the recycling depot, and Brady Street exterior stair repairs.	(717,482)	(1,279,150)
CFRF - Police Services	Funded from excess funds in related 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 2017 Capital Budget, \$603,991 was committed in 2017 for a variety of Police Services projects.	(1,557,098)	(1,122,070)
CFRF - Police Services - Committed	Committed funds for various projects from previous Capital Budgets, most notably building renovations and equipment.	(3,813,133)	(4,679,290)
CFRF - Roads	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). To be used only for Roads Capital Projects. The decrease relates to funds committed as part of the 2016 and 2017 Capital budgets, \$2M for Large Spreader Laid Patches from the 2017 budget, as well as funds for Kingsway land acquisition and Brady Green Stairs project.	(11,584,980)	(3,654,823)
CFRF - Roads - Committed	Balance contains funds committed from previous and 2017 Capital Budgets and for approved Capital Projects which are currently in progress or deferred to a later date. Funding for Capital Projects include Maley Drive, MR 15/MR 80 Intersection Improvements, Crean Hill Road, Barry Downe Extension, Lorne Street, Whitson Paquette and Horizon Drains, several bridges and other various projects.	(22,505,826)	(28,581,252)

**Capital Financing Reserve Funds**  
**Account Name**

**Dec 31, 2015**    **Dec 31, 2016**  
**Audited**            **Audited**

CFRF - Wastewater	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). 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 in the 2016 and 2017 capital budgets. As part of the 2017 Capital Budget, \$1,973,341 was committed for various Wastewater projects such as the Valley East WWTP Upgrade Inspection, Azilda WWTP Rehabilitation, and plant repairs.	(10,552,758)	(7,688,269)
CFRF - Wastewater - Committed	Balance contains funds committed from previous Capital Budgets including Meatbird Transfer Station, Preventative Plumbing Subsidy, Sanitary Rock Tunnel Inspections, Valley East WWTP upgrade Inspection, Azilda WWTP Rehabilitation and Upgrades to Primary Lagoons. Also, includes the wastewater stabilization which is based on 10% of revenues as per the Reserve Fund by-law.	(5,641,893)	(9,049,589)
CFRF - Water	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). 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 increased due to the year end surplus offset by commitments in the 2016 and 2017 capital budgets.	(3,981,157)	(4,903,559)
CFRF - Water - Committed	The balance contains funds committed from previous Capital Budgets including the Wanapitei Water Treatment Plant Upgrades, Automatic Meter Reading Water Meters, and Lorne Street. Also, includes the water stabilization amount which is based on 10% of revenues as per the Reserve Fund by-law.	(10,663,464)	(11,552,582)
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.	(280,337)	(166,713)
CFRF - Health and Social Services - Committed	This amount represents previously approved funds for fire code compliance, nurse call station, motomeds and equipment replacement from the 2016 Capital Budget for Pioneer Manor.	(81,722)	(77,435)
CFRF - Fire	Funded from excess funds in related Capital Projects. To be used only for Fire Services Capital Projects.	(38,367)	(100,220)
CFRF - Fire - Committed	Committed funds for pumper equipment and incident management from earlier Capital Budgets.	(151,892)	(64,278)
CFRF - Emergency Medical Services	Funded through annual contributions from the Operating Budget. 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. As part of the 2016 Capital Budget, \$988,679 was committed in 2017 for various EMS projects.	(2,461,479)	(1,194,344)
CFRF - Emergency Medical Services - Committed	Funds approved in previous years Capital Budgets for various projects including personal response units (PRU's), Kronos upgrade, power stretchers, ambulances, and emergency response vehicles.	(571,432)	(1,665,066)
CFRF - Leisure Services - Committed	Committed funds previously approved by Council for Regreening of St. Joseph's Parking Lot, Bell Park Special Events Site Development (which has been reallocated to Bell Park lighting during 2017), ski lift upgrades, and Brady green stairs. Also, includes funds recieved from cold drink supplier contract for municipal arenas for arena scoreboard replacement.	(2,205,764)	(2,701,775)
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 2017 Capital Budget, \$211,562 was committed for St. Joseph's parking lot.	(1,097,185)	(410,898)

**Total Capital Financing and other Capital Reserve Funds**

**(98,604,729)**    **(97,819,309)**