



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn

Position: Treasurer/Director of Finance

Title / Subject: Reserves and Reserve Funds Update as of October 31, 2023

Date of Report: November 29, 2023

Date of Meeting: December 4, 2023

Report No: 2023-FI-028

1.0 Issue / Origin

This report provides Council with an update on the Reserves and Reserve Funds held by the Township as of October 31, 2023.

2.0 Background

Leading into the 2024 budget process, staff have prepared an update on the Reserves and Reserve Funds held by the Township, as of October 31, 2023.

Reserves and Reserve Funds are important long-term financial planning tools for municipalities, and are used to set aside funds for a future purpose.

Definitions

Reserves Monies set aside by approval of Council and not restricted by legislation. Reserves can be related to projects that are of a nature prescribed and are managed by approval of Council.

Deferred Reserve Deferred Reserves are an Obligatory Reserve Fund. These are monies that are set aside and legally restricted by Provincial Legislation, a Municipal By-law, or agreement. The funds are raised for a specific purpose and cannot be used for any other purpose.

Capital Reserve Funds The Township of Brock has Capital Reserve Funds which is considered to be a Discretionary Reserve Fund. These are monies set aside for a specific purpose by Council and legislated by municipal by-law.

Reserve Fund Monies set aside for a specific purpose as required by Provincial Legislation, Municipal By-Law, or agreement. The Township of Brock has both Obligatory and Discretionary Reserve Funds.

3.0 Analysis

As at October 31, 2023, the Township has an estimated uncommitted balance of approximately \$19,142,544 held in Reserves and Reserve Funds, as follows:

Category	Account Name	Uncommitted Balance
Reserves	WORKING CAPITAL	\$500,000
Reserves	ELECTION COSTS	\$55,645
Reserves	COMMITTED PROJECTS	\$nil
Reserves	PLANNING	\$15,000
Reserves	LEGAL FEES	\$50,000
Reserves	GOLF TOURNEY	\$24,264
Reserves	RATE STABILIZATION	\$1,201,993
Reserves	LIBRARY RATE STAB	\$160,425
Total Reserves		\$2,007,327
Obligatory Reserve		
Deferred Reserve Fund	DEVELOPMENT CHARGES – Hard Services	\$1,465,079
Deferred Reserve Fund	DEVELOPMENT CHARGES – Soft Services	\$3,802,020
Deferred Reserve Fund	FEDERAL GAS TAX	\$502,126
Deferred Reserve Fund	BUILDING	\$103,232
Deferred Reserve Fund	PARKLAND	\$244,195
Total Deferred Reserve Fund		\$6,116,652

Category	Account Name	Uncommitted Balance
Discretionary Reserve		
Capital Reserve Funds	PUBLIC BUILDINGS	\$1,155,259
Capital Reserve Funds	ADMIN EQUIP REPLACEMENT	\$90,289
Capital Reserve Funds	IT	\$39,065
Capital Reserve Funds	CTH-OCA IMPROVMENTS	\$272
Capital Reserve Funds	FIRE & MARQUEE	\$218,269
Capital Reserve Funds	BUILDING DEPARTMENT	\$67,301
Capital Reserve Funds	CANINE	\$71,647
Capital Reserve Funds	ROADS DEPARTMENT	\$3,501,958
Capital Reserve Funds	SIDEWALKS	\$34,254
Capital Reserve Funds	ARENAS	\$1,270,270
Capital Reserve Funds	STREET LIGHTS	\$56,443
Capital Reserve Funds	HARBOUR	\$590,116
Capital Reserve Funds	PARKING LOTS	\$65,469
Capital Reserve Funds	SNOW/DUST	\$262,621
Capital Reserve Funds	PARKS	\$99,594
Total Capital Reserve Funds		\$7,522,827
Discretionary Reserve		
Reserve Funds	BROCK HYRDO SALE	\$2,895,468
Reserve Funds	INSURANCE	\$279,433
Reserve Funds	MAIN STREET DRAINAGE	\$30,606
Reserve Funds	WILFRID HALL	\$7,666
Reserve Funds	MANILLA HALL	\$50,581
Reserve Funds	POST EMPLOYMENT	\$231,984
Total Reserve Funds		\$3,495,738
Total of all Reserve, Deferred Reserves, Capital Reserve Funds and Reserve Funds		\$19,142,544

Prior budget commitments, not yet transferred to completed projects, have been removed from the uncommitted balance shown. Staff keep track of the prior year commitments and transfer funds as the project commences or as completed (projects for which reserves, reserve funds, capital reserve funds and deferred reserves, were allocated).

The funds outlined above that are held in our bank accounts earn interest on a monthly basis, and those held in our Investment account earn interest upon maturity. Interest for all reserve funds are transferred monthly, however, interest on the reserves, held in our general bank account, do not have interest attributed monthly as the interest on these is used in the annual budget process to offset operating expenditures.

Development Charges

Development Charges for Hard Services includes Development Charges collected for Engineering and Fire. The balance above of \$1,465,079 is allocated as follows:

- \$1,359,314 for Engineering
- \$105,765 for Fire

Development Charges for Soft Services includes Development Charges collected for General Government, Parks and Public Works Equipment. The balance above of \$3,802,020 is allocated as follows:

- \$35,295 for General Government
- \$3,212,800 for Parks
- \$553,925 for PW Equipment

Arena Reserves

The arena reserve has an uncommitted balance as of October 31, 2023 of approximately \$1,270,270. This is allocated as follows:

- \$-7,315 for the Cannington Arena (Rick MacLeish)
- \$571,363 for the Sunderland Arena
- \$706,221 for the Beaverton Arena (Foster Hewitt)

The Sunderland Arena Renovation and Expansion Project has notionally allocated approximately \$300,000 from the Sunderland Arena Reserve. This has not been deducted from the reserve balance above and assuming the proposed funding for the Sunderland Arena Expansion and Renovation Project remains the same as initialled outlined, the Sunderland Reserve would be approximately \$271,363.

Capital Reserve Fund – Roads

The Capital Reserve Fund for Roads has an uncommitted balance as of October 31, 2023 of approximately \$3,501,958 as follows:

- \$458,562 for Gravel Replacement
- \$60,000 for Thorah Island Gravel
- \$801,714 for Fleet Replacement
- \$2,181,683 for Roads and Bridges

Rate Stabilization Reserve

The Rate Stabilization Reserve, is, for the most part, funded by surpluses in prior years. It is a discretionary reserve and Council can allocate the funds from this reserve and is also used to offset any deficits at year-end.

As of October 31, 2023, there is an uncommitted balance of \$1,201,993, however, the initial reports on the Sunderland Arena Renovation and Expansion Project has notionally allocated approximately \$480,000 to \$1,000,220 from the Rate Stabilization Reserve. This notional allocated has not been deducted from the balance mentioned above.

In addition, should the Township incur a deficit at year-end 2023, the deficit would need to be funded from the Tax Rate Stabilization Reserve.

4.0 Related Policies / Procedures

N/A

5.0 Financial / Budget Assessment

The primary objective of having Reserves and Reserve Funds is to ensure that monies are set aside for long term goals of the municipality and that those funds will be available when needed.

5.1 Asset Management

Many of the Township's reserve and reserve funds are held to support asset management initiatives throughout the Township.

6.0 Climate Change Impacts

N/A

7.0 Communications

N/A

8.0 Conclusion

This report is for Council information purposes, leading into the 2024 budget discussions.

9.0 Recommendation

It is recommended that report 2023-FI-028 be received for information.