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REPORT FIN-2013-009

TO: Mayor and Members of Council

FROM: Mary Hasan, Director of Finance/Treasurer

SUBJECT: 2013 Balances in Working Reserves and Reserve Funds

RECOMMENDATIONS

That Report FIN-2013-009 regarding the 2013 Balances in Working Reserves and Reserve Funds be received.

PURPOSE

The purpose of this Report is to provide Council with information regarding the 2013 Balances in Working Reserves and Reserve Funds. The 2013 Estimated Capital Surplus is discussed in Report FIN-2013-008. The Proposed 2014 Capital Program is discussed in Report FIN-2013-010.

DISCUSSION**Balances in Working Reserves****Administration**

The previous Administration Working Reserve has a total balance of \$147,090.94 at October 31, 2013. The balance in this Working Reserve is recommended to be allocated between the four Working Reserves in Administration as discussed in report FIN-2013-006 based on the total capital expenditures proposed for the years 2014 to 2018. This allocation was determined based on the table below:

Reserve	2014 to 2018 Capital	Specific Projects	%	\$	Other Adj's	Balance	Comments
Administration Office Repairs and Restoration	\$396,300	Office renovation and expansion—\$365K Facility Needs Assessment—\$20K Facility Security — \$11.3K	83%	\$122,085.48		\$122,085.48	
Corporate Information Technology Software	\$31,400	IT Software Upgrade: \$31.4K	7%	\$10,296.37	\$2,188.95	\$12,485.32	The adjustment of \$2,188.95 relates to the IT Architecture surplus for the Administration Department that

							should be transferred back into Corporate Information Technology Software Working Reserve. See Report FIN-2013-008.
Reserve	2014 to 2018 Capital	Specific Projects	%	\$	Other Adj's	Balance	Comments
Corporate Information Technology Hardware	\$25,000	Computer Equipment Purchases – \$25K	5%	\$7,354.55	\$5,431.26 \$910.63	\$13,696.44	The adjustment of \$5,431.26 and \$910.63 relate to the IT Infrastructure Upgrade surplus for the Fire Department and the new server for the Administration Department that should be transferred back into the Corporate Information Technology Hardware Working Reserve. See Report FIN-2013-008.
Corporate Accessibility	\$26,000	New Township Website– \$26K	5%	\$7,354.54	\$70,000	\$77,354.54	The adjustment of \$70K relates to contributions to the Roads Working Reserve of \$10K, the Recreation Working Reserve of \$20K, the Building Reserve Fund of \$30K, and the Fire Working Reserve of \$10K in the 2012 approved Capital Budget for Accessibility.
Total	\$478,700		100	\$147,090.94	\$78,530.84	\$225,621.78	

Roads

The previous Roads Working Reserve has a total balance of \$871,069.73. In the 2013 Capital Budget, \$50K was contributed to this Working Reserve for the purpose of equipment replacement. In the 2012 Capital Budget \$10K was contributed to this Working Reserve for the purpose of accessibility. See below for adjustment to get to the amount that should be allocated to the Replacement and Restoration of Aging Infrastructure and Roads Equipment Replacement Working Reserves.

Description	Balances	Comments
Balance at October 31, 2013	\$871,069.73	
Equipment Replacement	\$(50,000)	To be allocated to the Roads Equipment Replacement Working Reserve as indicated in the 2013 approved Capital Budget.
Accessibility	\$(10,000)	To be allocated to the Corporate Accessibility Working Reserve as indicated in the 2012 approved Capital Budget.
Adjusted Roads Working Reserve Balance for allocation	\$811,069.73	

Therefore, the total amount to be allocated is \$811,069.73 as of October 31, 2013. The balance of this Working Reserve is recommended to be allocated between the two newly defined Working Reserves in Roads as discussed in report FIN-2013-006 based on the total capital expenditures proposed for the years 2014 to 2018. This allocation was determined based on the table below:

Reserve	2014 to 2018 Capital	Specific Projects	%	\$	Other Adj's	Balance	Comments
Replacement and Restoration of Aging Infrastructure	\$5,134,400	Various roads projects as discussed on pages 6 to 9 of the Proposed 2014 Capital Budget and Forecast by Department document.	92%	\$746,184.15		\$746,184.15	
Roads Equipment Replacement	\$470,000	Plow truck 2014 - \$225K Pickup truck 2016 - \$35K Pickup truck 2017 - \$35K Dump truck 2018 - \$75K Backhoe 2018-\$100K	8%	\$64,885.58	\$50,000	\$114,885.58	The adjustment of \$50K relates to a contribution to the Roads Working Reserve of \$50K in the 2013 approved Capital Budget for equipment replacement.
Total	5,604,400		100	\$811,069.73	\$50,000	\$861,069.73	

Parkland, Optimist Recreation Centre, and Recreation Departments

The previous Recreation Working Reserve has a total balance of \$151,000 as of October 31, 2013. This reserve was for projects in Parkland, Optimist Recreation Centre, and the Recreation departments. In the 2012 Capital Budget, \$20K was contributed to this Working Reserve for the purpose of Accessibility. See below for adjustment to get to the amount that can be allocated to the Parkland Infrastructure Enhancement, Parkland Equipment Replacement, Optimist Recreation Centre Equipment Replacement, Optimist Recreation Centre Facility Improvement, Recreation Equipment Replacement, and Recreation Facility Improvement Working Reserves.

Description	Balances	Comments
Balance at October 31, 2013	\$151,000	
Accessibility	\$(20,000)	To be allocated to the Corporate Accessibility Working Reserve as indicated in the 2012 approved Capital Budget.
Adjusted Recreation Working Reserve Balance for allocation	\$131,000	

Therefore, the total amount to be allocated is \$131,000 as of October 31, 2013. The percentage of this Working Reserve is recommended to be allocated between the six Working Reserves in the Parkland, ORC, and Recreation departments as discussed in report FIN-2013-006 based on the total capital expenditures proposed for the years 2014 to 2018. This allocation was determined based on the table below:

Reserve	2014 to 2018 Capital	Specific Projects	%	Total Balance
Parkland Infrastructure Enhancement	\$885,100	Cenotaph Restoration Project - \$23.1K Parkland Trail Development - \$37K Lighting & Poles at PCC Ball Diamond – \$200K Parking Lot & Associated Enhancements – \$300K Splash Pad – \$275K Replace Light Standards – Old Morriston – \$50K	67%	\$87,770
Parkland Equipment Replacement	\$60,000	Half Tonne Pick-up-\$30K Lawn Tractor – \$30K	5%	\$6,550
Optimist Recreation Centre Equipment Replacement	\$88,000	Ice Resurfacer –\$80K Floor Scrubber -\$8K	6%	\$7,860
Reserve	2014 to 2018 Capital	Specific Projects	%	Total Balance
Optimist Recreation Centre Facility Improvement	\$4,600	Facility Security-\$4.6K	1%	\$1,310
Recreation Equipment Replacement	\$55,650	Stove Replacement- \$25K Fridge Replacement- \$15K Structural audit -\$2.5K Retractable Screen & Projection Equipment – \$13.15K	4%	\$5,240
Recreation Facility Improvement	\$230,300	Flooring - \$40K Window Replacement – 25K Structural audit -\$2.5K Redo Entire Kitchen – \$100K Hall lighting - \$5K Facility Security - \$7.8K HVAC replacement - \$50K	17%	\$22,270

Total	\$1,323,650		100	\$131,000
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Fire

The previous Fire Working Reserve has a total amount of \$188,782. In the 2012 Capital Budget, \$10K was contributed to this Working Reserve for the purpose of Accessibility and \$150K was contributed for the purposes of vehicle replacement. See below for adjustment to get to the amount that can be allocated to the Fire Vehicle Replacement and Equipment Replacement Working Reserves.

Description	Balances	Comments
Balance at October 31, 2013	\$188,782	
Accessibility	\$(10,000)	To be allocated to the Corporate Accessibility Working Reserve as indicated in the 2012 approved Capital Budget.
Vehicles	\$(150,000)	To be allocated to the Fire Working Reserve for fire vehicles as indicated in the 2012 and 2013 approved Capital Budgets.
Adjusted Fire Working Reserve Balance for allocation	\$28,782	

Therefore, the total amount to be allocated is \$28,782 as of October 31, 2013. The balance of this Working Reserve is recommended to be allocated between the two Working Reserves in the Fire department as discussed in report FIN-2013-006 based on the total capital expenditures proposed for the years 2014 to 2018. This allocation was determined based on the table below:

Reserve	2014 to 2018 Capital	Specific Projects	%	\$	Other Adj's	Total Balance	Comments
Vehicle Replacement	\$775,000	Aerial Truck – \$715K Pickup Truck-\$60K	90%	\$25,903.80	\$150,000	\$175,903.80	The adjustment of \$150K relates to a contribution to the Fire Working Reserve of \$100K and \$50K in the 2012 and 2013 approved Capital Budgets for replacement of vehicles.

Equipment Replacement	\$88,900	Defibrillators-\$15K Radio Communication Interfacing – \$24.8K Satellite Station Equipment - \$49.1K	10%	\$2,878.20	\$36,205	\$39,083.20	<p>The October 31, 2013 balance in Fire Development Charges included fire call revenues.</p> <p>In 2012, this revenue amounted to \$36,205. It is recommended that the 2012 revenue be transferred to the Fire Equipment Replacement Working Reserve. We do not recommend this amount be transferred to the fire operating fund revenues as the 2012 audit is complete.</p>
Total	\$863,900		100%	\$28,782	\$186,205	\$214,987	

Balances in Obligatory Reserve Funds

The Building Surplus Reserve Fund has a total amount of \$498,371.57. In the 2012 Capital Budget, \$30K was contributed to this Reserve Fund for the purpose of Accessibility. See below for adjustment to get to the amount that can be allocated to the Building Surplus Reserve Fund.

Reserve	Current Balance	Adj's	Recommended Balance	Comments
Building Surplus Reserve Fund	\$498,371.57	\$(30,000) \$2,674.02	\$471,045.59	<p>Adjustment of 30K relates to the allocation to the Corporate Accessibility Working Reserve as indicated in the 2012 approved Capital Budget.</p> <p>Adjustment of \$2,674.02 relates to the Vehicle for the CBO Official Surplus that should be transferred back into the Building Surplus</p>

				<p>Reserve Fund – see Report FIN-2013-008 for further details.</p> <p>Any 2013 surpluses in the Building Department will be added to this reserve fund after completion of the 2013 audit by RLB.</p>
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The Cash in Lieu of Parkland Reserve Fund, Parkland Indoor and Parkland Outdoor Development Charge Reserve Funds are currently combined in one general ledger account and had a total balance of \$408, 043.07 at December 31, 2012.

See below for adjustment to get to the amount that should be allocated to the Parkland Indoor Development Charge Reserve Fund, the Parkland Outdoor Development Charge Reserve Fund, and the Cash in Lieu of Parkland Reserve Fund.

Reserve	2012 audited Balance	Comments
Cash in Lieu of Parkland Reserve Fund	\$408, 043.07	<p>Based on the results of the audits conducted by RLB from 2005 to 2012, the total amount of development charges received in these years amounted to \$55,231.30. The total amount of Cash in Lieu of Parkland funds received in these years amounted to \$490,893.63. Based on the review of previous development charge studies and budgets from 2005 to 2012, the projects below were eligible to be funded from development charges.</p> <p>2006-\$35,000– Canopy at Community Centre 2007– \$105,000 – New generator 45K, Playground 50K, Pathway at Community Centre 10K. 2008 – \$30,000 – Replace announcer's stand 25K and tables 5K 2010 – \$65,000 – Storage room addition 2012- \$62,500 – Land Purchase</p> <p>The sum of the above equates to \$297,500. This amount is preliminary and requires further reconciliation and review as part of the next Development Charges Study which will commence in 2014.</p> <p>As a significant portion of the expenditures from this account related to development charge expenditures, it is recommended that the remaining balance as of December 31, 2012 of 408, 043.07 in the Recreation Reserve Fund be allocated to Cash in Lieu of Parkland Reserve Fund. This is reasonable as only \$55,231.30 were collected in development charges from 2005 to 2012 for Parkland development projects.</p> <p>Please see the table below for remaining adjustments to determine the balance in these Reserve Funds as of October 31, 2013.</p>
Parkland Indoor Development Charge		
Parkland Outdoor Development Charge		

Reserve	2012 audited Balance	Capital Budget - 2013	Funds received in 2013	Oct. 31, 2013 Balance	Comments
Cash in Lieu of Parkland Reserve Fund	\$408, 043.07	\$(175,000)	\$24,745.66	\$257,788.73	<p>The adjustment of \$175K relates to the funding from this Reserve Fund for the Community Centre's washroom addition budgeted in 2013.</p> <p>Additional cash in lieu of parkland funds received in November and December will be allocated to this account in 2013.</p> <p>Any 2013 interest income earned in this bank account will be transferred to the Cash in Lieu of Parkland, Parkland Indoor and Parkland Outdoor Development Charges Reserve Funds after completion of the 2013 audit by RLB.</p>
Parkland Indoor Development Charge	\$0		\$6,081.08	\$6,081.08	<p>Additional development charges funds received in November and December will be allocated to this account in 2013.</p> <p>Any 2013 interest income earned in this bank account will be transferred to the Cash in Lieu of Parkland, Parkland Indoor and Parkland Outdoor Development Charges Reserve Funds after completion of the 2013 audit by RLB.</p>
Parkland Outdoor Development Charge	\$0		\$3,163.53	\$3,163.53	
Total	\$408, 043.07	\$(175,000)	33,990.27	\$267,033.34	

Reserve	Oct 31, 2013 Balance	Other Adjustments	Recommended Balance	Comments
Corporate Studies Development Charge	\$128,591.61		\$128,591.61	<p>Additional development charges funds received in November and December will be allocated to this account in 2013.</p> <p>Any 2013 interest income earned in this bank account will be transferred to the Corporate Studies Development Charge Reserve Fund after completion of the 2013 audit by RLB.</p>
Roads Development Charge	\$120,193.73		\$120,193.73	<p>Additional development charges funds received in November and December will be allocated to this account in 2013.</p>

				Any 2013 interest income earned in the Roads bank account will be allocated to both the Roads Development Charge Reserve Fund and the Federal Gas Tax Rebate Reserve Fund after completion of the 2013 audit by RLB.
Description	Oct 31, 2013 Balance	Other Adjustments	Recommended Balance	Comments
Fire Development Charge	\$147,623.88	\$(84,570.50)	\$63,053.38	<p>The October 31, 2013 balance includes fire call revenue from 2012 and 2013 which should not be included in the Fire Development Charge Reserve Fund.</p> <p>In 2012, this revenue amounted to \$36,205. It is recommended that the 2012 revenue be transferred to the Fire Equipment Replacement Working Reserve (see discussion above in Fire Working Reserves). It is not recommended that this amount be transferred to the operating fund revenues as the 2012 audit is complete.</p> <p>In 2013, this revenue has amounted to a YTD amount of \$48,365.50. It is recommended that all of the 2013 revenue be transferred to the fire miscellaneous operating revenue account # 01-0015-3210. As discussed in report FIN-2013-006, other income from accident insurance claims and the Ministry of Transportation's revenue should be allocated to the appropriate operating revenue accounts rather than part of development charges as development charges should be segregated from operating revenues and other Fire reserves.</p> <p>Additional development charges funds received in November and December will be allocated to this account in 2013.</p> <p>Any 2013 interest income earned in the Fire bank account will be allocated to both the Fire Development Charge Reserve Fund after completion of the 2013 audit by RLB.</p>
Federal Gas Tax Rebate	\$472,221.77		\$472,221.77	<p>The Township has received the entire 2013 funding allocation for the Gas Tax Program.</p> <p>Any 2013 interest income earned in the Roads bank account will be allocated to both the Roads Development Charge Reserve Fund and the Federal Gas Tax Rebate Reserve Fund after completion of the 2013 audit by RLB.</p>

Balances in Discretionary Reserve Funds

Description	Oct 31, 2013 Balance	Recommended Balance	Comments
Winter Maintenance	\$0	TBD at completion of 2013 audit	Any 2013 surpluses in account number 01-0030-4214 Sand/Salt will be added to the Winter Maintenance Reserve Fund after completion of the 2013 audit by RLB.
Aggregate Levy	\$0	\$53,664.26	In 2013, the Township received \$233,664.26 for the aggregate levy. In 2013, the amount budgeted within the operating budget was \$180,000 to fund the operations of the Township. As discussed in Report FIN-2013-006, we recommend that the aggregate levy be used to fund roads projects and to be included as a discretionary reserve fund. Therefore, we recommend that the surplus of funds received of \$53,664.26 be transferred to the Aggregate Levy Reserve Fund. In the 2014 Operating Budget we recommend that the full amount of the Aggregate Levy budgeted to be received in 2014 be transferred to the Aggregate Levy Reserve Fund.

Financial Implications

The financial implications are discussed throughout this report.

Applicable Legislation and Requirements

Municipal Act, 2001

Attachments

None