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| TO: | CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 25, 2018 |
| FROM: | ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER |
| SUBJECT: | RESERVES RATIONALIZATION REPORT |

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to The Corporation of the City of London reserves:

- a) the following six (6) reserves **BE APPROVED** as the reserves of The Corporation of the City of London:
 - i) Tax Supported Budget – Operating Budget Contingency Reserve and Operating Efficiency, Effectiveness & Economy Reserve
 - ii) Wastewater & Treatment Rate Supported Budget – Wastewater Budget Contingency Reserve and Wastewater Efficiency, Effectiveness & Economy Reserve
 - iii) Water Rate Supported Budget – Water Budget Contingency Reserve and Water Efficiency, Effectiveness & Economy Reserve;
- b) the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer **BE AUTHORIZED** to take any and all actions necessary to align the reserves approved in a), above, with the provisions of the City’s Reserve and Reserve Fund Policy; and
- c) the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer **BE AUTHORIZED** to take the following actions with respect to winding down and terminating reserves currently held by The Corporation of the City of London that are no longer included in the reserves approved in a) above:
 - i) Transfer reserve balances identified in Appendix B to the Operating Budget Contingency Reserve and terminate reserves after the transfers are complete;
 - ii) Transfer reserve balance identified in Appendix C to the City Facilities Reserve Fund and terminate reserve after the transfer is complete; and
 - iii) Convert reserves identified in Appendix D into reserve funds, terminate reserves after the conversions are complete and balances have been transferred, it being noted that Civic Administration will bring forward appropriate reserve fund by-laws to a future Corporate Services Committee meeting.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Corporate Services Committee, July 17, 2018, Agenda Item #2.4, Reserve and Reserve Fund Policy Report

LINK TO 2015-2019 STRATEGIC PLAN

Council’s 2015-2019 Strategic Plan for the City of London identifies “Leading in Public Service” as one of four strategic areas of focus. The Reserves Rationalization Report supports this strategic area of focus by contributing towards the strategic priority “Proactive financial management”.

BACKGROUND

The purpose of this report is to create administrative efficiencies in the management of the Corporation of the City of London (the “City”) reserve portfolio and align the City’s holdings with the recently approved Reserve and Reserve Fund Policy. In order to achieve these objectives, Civic Administration is seeking Council approval of the following matters pertaining to the City’s reserve portfolio:

- a) Establish reserves to be maintained,
- b) Identify current reserves and associated balances to be transferred to the Operating Budget Contingency Reserve and subsequently terminated (see Appendix B),
- c) Identify current reserve and associated balance to be transferred to the City Facilities Reserve Fund and subsequently terminated (see Appendix C), and
- d) Identify current reserves and associated balances to be converted into new reserve funds and subsequently terminated (see Appendix D).

Presently, the City maintains seventeen (17) reserves as summarized in Table 1. These reserves have been an important element of the City's long-term strategic financial plan, facilitating the City's ability to address known and unknown future events via its own savings.

TABLE 1 – Current Reserves (Thousands \$000's)

| Budget | Reserve Name ¹ | 2018 Projected Ending Balance |
|---------------------------------------------------------|------------------------------------------------------------|--------------------------------------|
| Tax Supported Budget | Animal Welfare Benefit Reserve | \$207.6 |
| | AODA Reserve | 67.8 |
| | Building Permit Revenue Stabilization Reserve | 2,504.0 |
| | Corporate Accountability Reserve | 1,000.0 |
| | Dearness Home Gift Fund Reserve | 451.3 |
| | Operating – Efficiency, Effectiveness and Economy Reserve | 9,925.4 |
| | Fuel Stabilization Reserve | 500.0 |
| | Maintenance/Upgrade Councillor's Lounge Reserve | 30.1 |
| | Municipal Election Expenses Reserve | 827.8 |
| | Official Plan Reserve | 359.9 |
| | Operating Budget Contingency Reserve | 35,182.9 |
| | Severe Weather Reserve | 1,352.9 |
| | Tree Bank Reserve | 23.3 |
| | Unfunded Liability Reserve | 71,033.6 |
| Wastewater & Treatment Rate Supported Budget | Wastewater – Efficiency, Effectiveness and Economy Reserve | 2,846.0 |
| | Wastewater Rate Stabilization Reserve | 2,313.1 |
| Water Rate Supported Budget | Water – Efficiency, Effectiveness and Economy Reserve | 1,817.7 |
| Total Reserves Projected Ending Balance | | \$130,443.4 |

Notes:

- 1) Descriptions of each reserve are contained within Appendices A, B, C and D.

Civic Administration is recommending that the number of reserves held by the Corporation of the City of London be reduced to six (6). This will be accomplished as follows:

- 1) Three (3) reserves (Corporate Accountability, Fuel Stabilization, Severe Weather) are recommended to be consolidated into the Operating Budget Contingency Reserve (see Appendix B);
- 2) One (1) reserve (AODA Reserve) is recommended to be consolidated into the City's Facilities Reserve Fund (see Appendix C);
- 3) Eight (8) reserves are recommended to be converted into distinct new reserve funds (see Appendix D); and
- 4) One (1) new reserve (Water Budget Contingency Reserve) is recommended to be established.

Through an internal review, it has been determined that many of these reserves either serve a specific purpose (therefore should be reserve funds), or are being held in separate accounts in the event of specific contingencies that could be addressed via an all-encompassing operating contingency reserve. The changes recommended in this report will streamline administrative processes, simplify the monitoring and reporting of future reserve balances and continue to support the City's long-term strategic financial plan through prudent fiscal planning. With the recommended changes, each budget will be supported by one contingency reserve and one special projects/new initiatives reserve (Efficiency, Effectiveness & Economy reserves) which, while providing consistency across the City's budgets, would allow for greater flexibility in addressing any known or unknown future events.

Table 2 below summarizes the recommended reserve portfolio for each budget.

TABLE 2 – Recommended Reserve Portfolio

| Budget | Reserve Name |
|---------------------------------------------------------|------------------------------------------------------------|
| Tax Supported Budget | Operating Budget Contingency Reserve |
| | Operating – Efficiency, Effectiveness and Economy Reserve |
| Wastewater & Treatment Rate Supported Budget | Wastewater Budget Contingency Reserve ¹ |
| | Wastewater – Efficiency, Effectiveness and Economy Reserve |
| Water Rate Supported Budget | Water Budget Contingency Reserve ² |
| | Water – Efficiency, Effectiveness and Economy Reserve |

Notes:

- 1) The Wastewater Budget Contingency Reserve was formerly titled the Wastewater Rate Stabilization Reserve. The name change is recommended to provide consistency between the tax supported budget and rate supported budgets.
- 2) The Water Budget Contingency Reserve does not exist in the current reserves portfolio. Historically the City has leveraged the Waterworks Reserve Fund to finance any contingency based funding needs within the water rate supported budget.

Each contingency reserve will serve as the primary fund to mitigate current and future risks to help ensure stable taxes/rates and to provide working funds prior to the annual collection of taxes/rates. Each Efficiency, Effectiveness and Economy (EEE) reserve will primarily provide funding for opportunities that create a return for the City; returns can include increased future revenues, decreased future expenditures, increased service levels, improved service quality, etc. In addition, the EEE reserves will be the first source of funding for contingency costs that exceed the balance of funds available in each budget’s contingency reserve. For further information concerning the definitions and parameters of each reserve, see Appendix A.

The recommendations to rationalize the City’s reserve portfolio align with the Corporation’s strategic long-term financial plan and the Reserve and Reserve Fund Policy as they uphold the following principles:

- Reserves and reserve funds shall form an integral component of the City’s budget and strategic financial plan;
- Adequate reserve and reserve fund balances shall be budgeted for to provide stability to tax/rate payers (liquidity);
- Reserve and reserve fund financial plans shall maintain intergenerational equity to the greatest extent possible;
- Reserve and reserve fund balances shall be maintained at a level that supports the City’s maintenance of its Aaa credit rating; and
- The use of obligatory reserve funds shall be solely for the purpose prescribed for them by statute or agreement.

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| RESERVES TARGET SETTING |
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The Reserve and Reserve Fund Policy delegates the authority of setting reserve targets to the City Treasurer, or designate with the requirement that targets must be reported to Council periodically. After extensive research and consultation, the following target balance process has been established for each budget’s reserve portfolio based on the Government Finance Officers Association (GFOA) best practice document titled “*Fund Balance Guidelines for the General Fund*”. This document provides extensive information concerning what portion of a government organization’s general fund balance should be maintained for general contingencies and what the minimum target balance should be for this portion of the general fund. These concepts as they relate to the City’s budgets are explained below.

GENERAL FUND

In public sector accounting, a government's general fund balance is primarily defined as the sum of:

- Non-spendable fund balance – e.g. inventories, trusts
- Restricted fund balance – e.g. obligatory reserve funds
- Unrestricted fund balance – e.g. discretionary reserves & reserve funds

The unrestricted fund balance can be further broken down as follows:

- **Assigned** – funds with an intended use or purpose e.g. the City's reserve fund balances as they serve a specific purpose set by Council approved by-laws, and
- **Unassigned** – funds that are not assigned, restricted or committed to specific purposes e.g. the City's reserve balances as they serve a non-specific purpose set by Council approved resolutions.

GFOA states that government organizations should only consider unrestricted fund balances when assessing the adequacy of funds available for general contingencies. Furthermore, GFOA states that governments “*may deem it appropriate*” to focus on only the unassigned funds portion of the unrestricted fund balance when assessing the adequacy of funds available for general contingencies. Based on this guidance, the City Treasurer has set the City's unassigned funds (reserves with non-specific purposes) as the benchmark for determining the adequacy of funds available for general contingencies.

This approach will be phased in over a long-term period (10 to 20 years) to allow for the gradual build-up of reserve balances within each budget. Until reserve balances reach established target levels, the City's approach to funding contingency matters will be to drawdown unassigned (reserve) funding first, followed by assigned (reserve fund) funding to the extent necessary.

MINIMUM TARGET

When setting a contingency target, governments should take into account, among other things, circumstances such as:

- Vulnerability to significant one-time outlays (e.g. natural disasters);
- Volatility of revenue and expenditure sources (e.g. potential cuts in senior government funding, fluctuations in commodity prices, economic recessions);
- Service level commitments;
- Impacts on bond ratings and the corresponding increase in cost of borrowing; and
- Other potential lost service investment opportunities due to insufficient fund balances.

An assessment of these risks helps to determine the basis of the target (revenue, expenditure or a combination of both) and the appropriate level of funding to be maintained. The goal of this exercise is to provide the greatest amount of protection to tax/rate payers from unexpected changes in financial conditions with due care over the associated costs of such protection. In regards to setting such a target, GFOA provides the following minimum target recommendation, “*at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances. Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level.*”

In setting minimum targets for the City's reserves, the City Treasurer has implemented the following:

- 1) That the basis of the minimum target for the tax and rate supported budgets be equal to two (2) months of:
 - a. The net budget (property taxes) for the tax supported budget, and
 - b. The user fees budget for the water and wastewater rate supported budgets;
- 2) That the total combined projected ending balance of the contingency and EEE reserves (unassigned funds), for each budget, be used as the City's comparator to the minimum target;
- 3) That the City's approach to funding contingency matters will be to drawdown unassigned (reserve) funding first, followed by assigned (reserve fund) funding to the extent necessary;
- 4) That a long-term strategy (10 to 20 years) to reach the minimum reserve targets include the following provisions:
 - a. Restrict the future use of the contingency reserves to contingency based matters;

- b. Restrict the future use of the EEE reserves to:
 - i. Investments with returns until such time that the minimum target is achieved, and
 - ii. Contingency costs that exceed the balance of funds available in contingency reserves;
- 5) That in a year of surplus, consideration be given to contributing an appropriate portion of year-end surplus to the contingency reserves as per the Council approved Surplus/Deficit Policy.
- 6) That the City Treasurer, or designate periodically report back to Council on target balance performance and target balance rationalization as required by the Reserve and Reserve Fund Policy.

ILLUSTRATION OF MINIMUM TARGET IMPLEMENTATION

Table 3 illustrates the minimum target calculation for the tax supported budget reserves. A summary of the reserve targets and current target performance for all three City budgets is available in Appendix A.

Table 3 – Tax Supported Budget Minimum Target (Thousands \$000’s)

| 2018 Minimum Target Calculation/Performance | |
|---------------------------------------------------------------------|---------------------|
| 2018 Tax Supported Net Budget | \$579,532.2 |
| Minimum Target – Two Months of 2018 Tax Supported Net Budget | 96,588.7 |
| Current Reserve Balances* | |
| OBCR | 35,182.9 |
| EEE Reserve | 9,925.4 |
| TOTAL – Tax Supported Reserves | \$45,108.3 |
| Minimum Target Performance Over/(Under) | |
| | \$(51,480.4) |

*Based on projected ending reserve balances as of June 30, 2018

This illustration demonstrates the need for a long-term approach to achieving the established minimum target for the tax supported reserves.

CONCLUSION

Reserves are an important element of the City’s long-term strategic financial plan and financial stability. Civic Administration advises approval of the recommendations of this report to enhance the strength of the City’s reserves, align the reserves portfolio with the Reserve and Reserve Fund Policy and create administrative efficiencies.

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| | |
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| RECOMMENDED BY: | |
| | |
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- Cc: Ian Collins – Director, Financial Services
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APPENDIX A - RESERVES

The following reserves table constitutes the Corporation of the City of London's reserves portfolio. As per the Reserve and Reserve Fund Policy, each reserve's financial plan is presented in the table below to clearly communicate each reserve's objectives.

| Budget | Reserve Name | Description/Purpose | Contribution Sources | Type of Drawdowns (Operating and/or Capital) | 2018 Projected Ending Balance | Target | | |
|----------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|
| | | | | | | Explanation | Target Value | Over/(Under) |
| Tax Supported Budget | Operating Budget Contingency Reserve | This reserve covers tax supported budget contingencies to mitigate unforeseen events or one-time unanticipated revenue losses and expenses in order to stabilize the tax rate and contributes to the necessary working funds required for operating expenditures incurred prior to the collection of taxes. | Contribution sources for this reserve may include: •Council approved tax supported budget contributions, •Council approved year-end surplus contributions as per the Surplus Deficit Policy, and •Other contributions as approved by Council. | Operating (primary) and Capital | \$35,182,879 | Combined target of the tax supported budget reserves is two months of the City's tax supported net budget as per the GFOA recommendation. | \$96,588,705 | (\$51,480,420) |
| | Operating - Efficiency, Effectiveness & Economy Reserve | This reserve provides funding for opportunities that create efficiency, effectiveness and economy within the City's tax supported operations. Returns can range from increased future revenues, decreased future expenditures, increased service levels, improved service quality, etc. Also, this reserve provides funding for contingency costs in excess of funds available in the contingency reserve. | Contribution sources for this reserve may include: •Personnel savings as a result of the City's vacancy management practice, •Returns on past investments, and •Other contributions as approved by Council. | Operating and Capital | \$9,925,406 | | | |
| Wastewater Rate Supported Budget | Wastewater Budget Contingency Reserve | This reserve covers wastewater rate supported budget contingencies to mitigate unforeseen events or one-time unanticipated revenue losses and expenses in order to stabilize the wastewater rate and contributes to the necessary working funds required for operating expenditures incurred prior to the collection of rates. | Contribution sources for this reserve may include: •Council approved rate supported budget contributions, •Council approved year-end surplus contributions as per the Surplus Deficit Policy, and •Other contributions as approved by Council. | Operating (primary) and Capital | \$2,313,121 | Combined target of wastewater rate supported budget reserves is two months of the City's wastewater user fees budget as per the GFOA recommendation. | \$15,843,527 | (\$10,684,425) |
| | Wastewater - Efficiency, Effectiveness & Economy Reserve | This reserve provides funding for opportunities that create efficiency, effectiveness and economy within the City's wastewater operations. Returns can range from increased future revenues, decreased future expenditures, increased service levels, improved service quality, etc. Also, this reserve provides funding for contingency costs in excess of funds available in the contingency reserve. | Contribution sources for this reserve may include: •Personnel savings as a result of the City's vacancy management practice, •Returns on past investments, and •Other contributions as approved by Council. | Operating and Capital | \$2,845,981 | | | |
| Water Rate Supported Budget | Water Budget Contingency Reserve **NEW** | This reserve covers water rate supported budget contingencies to mitigate unforeseen events or one-time unanticipated revenue losses and expenses in order to stabilize the water rate and contributes to the necessary working funds required for operating expenditures incurred prior to the collection of rates. | Contribution sources for this reserve may include: •Council approved rate supported budget contributions, •Council approved year-end surplus contributions as per the Surplus Deficit Policy, and •Other contributions as approved by Council. | Operating (primary) and Capital | \$0 | Combined target of water rate supported budget reserves is two months of the City's water user fees budget as per the GFOA recommendation. | \$12,962,923 | (\$11,145,211) |
| | Water - Efficiency, Effectiveness & Economy Reserve | This reserve provides funding for opportunities that create efficiency, effectiveness and economy within the City's water operations. Returns can range from increased future revenues, decreased future expenditures, increased service levels, improved service quality, etc. Also, this reserve provides funding for contingency costs in excess of funds available in the contingency reserve. | Contribution sources for this reserve may include: •Personnel savings as a result of the City's vacancy management practice, •Returns on past investments, and •Other contributions as approved by Council. | Operating and Capital | \$1,817,712 | | | |

APPENDIX B - RESERVES TO BE TRANSFERRED TO THE OPERATING BUDGET CONTINGENCY RESERVE

Historically the City created contingency reserves for both generic and specific purposes. To adhere to the Reserve and Reserve Fund Policy and public sector best practices, the reserve balances presented below are recommended to be transferred to the Operating Budget Contingency Reserve (OBCR) and terminated, it being noted that these reserves have no outstanding contributions or drawdowns to account for.

| Budget | Reserve Name | Description/Purpose | Contribution Sources | Type of Drawdowns (Operating and/or Capital) | 2018 Projected Ending Balance |
|----------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------|
| Tax Supported Budget | Corporate Accountability Reserve | This reserve covers corporate expenses relating to legal contingencies. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> ▪ Council approved tax supported budget contributions (currently there is no annual contribution), and • Other contributions as approved by Council. | Operating | \$1,000,000 |
| | Fuel Stabilization Reserve | This reserve covers the impact of volatile/fluctuating fuel prices while providing some direct program benefits whenever possible. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> ▪ Council approved tax supported budget contributions (currently there is no annual contribution), and • Other contributions such as fuel cost savings as approved by Council. | Operating | \$500,000 |
| | Severe Weather Reserve | This reserve covers severe weather phenomena that require additional funding (extremely snowy winters, floods, wind damaged trees, etc.). Drawdowns occur when the operating budget cannot cover these extreme events. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> ▪ Council approved tax supported budget contributions (currently there is no annual contribution), and • Other contributions as approved by Council. | Operating and Capital | \$1,352,913 |

APPENDIX C - RESERVES TO BE TRANSFERRED TO THE CITY FACILITIES RESERVE FUND

As per the Reserve and Reserve Fund Policy, reserves are to be maintained for non-specific purposes and reserve funds are to be maintained for specific purposes. The AODA Reserve relates specifically to City facilities which is covered under the mandate of the City Facilities Reserve Fund. Thus the balance, contribution sources and drawdown commitments contained within the AODA Reserve are recommended to be transferred to the City Facilities Reserve Fund to achieve the objectives of the Reserve and Reserve Fund Policy and to create administrative efficiencies.

| Budget | Reserve Name | Description/Purpose | Contribution Sources | Type of Drawdowns (Operating and/or Capital) | 2018 Projected Ending Balance |
|----------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------|
| Tax Supported Budget | AODA Reserve | This reserve provides funding for corporate costs associated with the implementation of the Integrated Accessibility Regulation, the Customer Service standard and the Built Environment standard. The implementation is now complete and ongoing facility works supported by the City Facilities Reserve Fund provides for these regulations and standards. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> • Council approved tax supported budget contributions (currently there is no annual contribution), • Senior Government Funding (reserve initially established with one-time senior government funding), and • Other contributions as approved by Council. | Capital | \$67,790 |

APPENDIX D - RESERVES TO BE CONVERTED INTO RESERVE FUNDS

As per the Reserve and Reserve Fund Policy, reserves are to be maintained for non-specific purposes and reserve funds are to be maintained for specific purposes. The reserves below support specific purposes, so it is recommended that they be converted into reserve funds and that the reserves be terminated after the conversions are complete and balances have been transferred. Civic Administration will bring forward appropriate reserve fund by-laws to a future Corporate Services Committee meeting to finalize these changes.

| Budget | Reserve Name | Description/Purpose | Contribution Sources | Type of Drawdowns (Operating and/or Capital) | 2018 Projected Ending Balance | Target | | |
|----------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|
| | | | | | | Explanation | Target Value | Over/(Under) |
| Tax Supported Budget | Animal Welfare Benefit Reserve | This reserve provides funding for initiatives that benefit animal welfare. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Council approved tax supported budget contributions (currently there is no annual contribution), •Charitable donations, and •Other contributions as approved by Council. | Operating and Capital | \$207,559 | Target to be established in future reserve fund rationalization report. | | |
| | Building Permit Revenue Stabilization Reserve | This reserve collects annual building permit surpluses, if any, to provide funding for future year building administration and enforcement costs in excess of building permit revenue. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Surplus contributions in a year in which realized permit revenue exceeds the annual cost of building administration and enforcement, and •Other contributions as approved by Council. | Operating | \$2,503,963 | Target to be established in future reserve fund rationalization report. | | |
| | Dearness Home Gift Fund Reserve | This reserve collects donations from external parties for Dearness Home operations. The funds can only be used to fund Dearness Home related activities. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Council approved tax supported budget contributions (currently there is no annual contribution), •Charitable donations, and •Other contributions as approved by Council. | Operating | \$451,304 | N/A | | |
| | Maintenance/Upgrade to Marriage Services and Councillor's Lounge Reserve | This reserve provides funding for marriage service improvements and maintenance and upgrades required to the Councillor's lounge as a result of its use for marriage ceremonies . | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Council approved tax supported budget contributions (currently there is no annual contribution), •Annual portion of marriage licence user fee revenue, and •Other contributions as approved by Council. | Operating and Capital | \$30,082 | Target to be established in future reserve fund rationalization report. | | |
| | Municipal Election Reserve | This reserve supports the City's municipal election expenses and serves the purpose of smoothing the associated cyclical expenditures of running a municipal election. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Council approved tax supported budget contributions (currently there is an annual contribution of \$393 thousand), and •Other contributions as approved by Council. | Operating and Capital | \$827,779 | Target to be established in future reserve fund rationalization report. | | |
| | Official Plan Reserve | This reserve supports the City's Official Plan which occurs every five years and serves the purpose of smoothing the associated cyclical expenditures. The reserve primarily supports the consulting costs, but may be used for other relevant expenditures. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Council approved tax supported budget contributions (currently there is an annual contribution of \$100 thousand), and •Other contributions as approved by Council. | Capital | \$359,905 | Target to be established in future reserve fund rationalization report. | | |
| | Tree Bank Reserve | This reserve serves as a dedicated fund that can be contributed to, and drawn upon, specifically for tree planting on private lands. The fund is drawn upon for tree planting that involves community and business collaboration. It taps into community in-kind tree planting labour, and seeks out contributions of materials, discounted trees, etc. so that tree planting investments are maximized. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Council approved tax supported budget contributions (currently there is an annual contribution of \$122 thousand), •A portion of tree cutting permit revenue, and •Other contributions as approved by Council. | Capital | \$23,343 | Target to be established in future reserve fund rationalization report. | | |
| | Unfunded Liability Reserve | This reserve supports post-employment and post-retirement benefits, vacation credits, vested sick leave benefits and landfill closure and post-closure liabilities for which the City previously did not have an identified funding source. Saving for these expenses provides for intergenerational equity i.e. the matching of annual service delivery costs with current taxpayers revenues to the greatest extent possible. | Contribution sources for this reserve may include: <ul style="list-style-type: none"> •Tax supported contributions in a year in which the operating budget has a surplus, Treasurer has authority to contribute personnel savings, any other surpluses contributed must be Council approved, •Interest earned on a specific portion of the reserve that is invested, and •Other contributions as approved by Council. | Operating and Capital | \$71,033,574 | 85% of Employee Benefits Payable excluding WSIB Obligations, plus Landfill Closure and Post-Closure Liability as reported in the annual audited financial statements. | \$123,127,600 | (\$52,094,026) |