

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Monday, May 7, 2018
Subject	2017 Reserve and Reserve Fund Statement
Report Number	CS-2018-16

Recommendation

1. That the City's General Reserve and Reserve Fund Policy be amended to reflect the following as at December 31, 2017:
 - a. The addition of the Paramedic Services Provincial Capital Reserve Fund (360);
 - b. The consolidation of the Police Equipment Reserve Fund (115) into the Police Capital Reserve Fund (158);
 - c. The repurposing of the Police Equipment Reserve Fund (115) to a Police Operating Contingency Reserve; and
 - d. The addition of the Library Operating Contingency Reserve (102).
2. That effective January 1, 2018, the Transportation Demand Management Reserve Fund (350) and the Information Technology Reserve Fund (210) be closed and removed from the City's General Reserve and Reserve Fund Policy.
3. That \$813,053 be transferred from Compensation Contingency Reserve (131) to the WSIB Reserve (330) to align these reserves with the targets identified in the General Reserve and Reserve Fund Policy.
4. That the Waterworks Capital Reserve Fund (152) and the Waterworks Contingency Reserve (181) be renamed Water Capital Reserve Fund (152) and Water Contingency Reserve (181).

Executive Summary

Purpose of Report

The purpose of this report is to provide an annual statement of the closing balances and activity of the City's collective reserves and reserve funds for the 2017 year. It also evaluates the condition of the accounts against the approved targets identified in the City's General Reserve and Reserve Fund Policy as well as seeks approval to add new accounts where appropriate, and remove inactive accounts where necessary.

Key Findings

This is the second annual Reserve and Reserve Fund Statement and the first year that the City has been able to present the funded status of the City's financial holdings. Through the CS-2017-19 Reserve and Reserve Fund Review and Policy Update in September 2017, the City now has identified measurable targets for all funds which have enabled an evidence-based recommendation for the operating budget surplus transfer. The benefit of this can't be emphasized enough as it moves the City towards a strengthened financial position.

A pillar of the City's Corporate Administration Plan is a focus on Our Resources, and more specifically, maximizing value from assets and financial stability. The results of the aforementioned reserve and reserve fund review, coupled with the 2017 financial results, demonstrate notable progress towards these Corporate goals. The City successfully increased the 2017 reserve and reserve fund balance of \$252 million, before commitments, by \$4.6 million or approximately two per cent over 2016.

The non-tax supported reserves and reserve funds continue to meet or exceed the recommended targets. The current status of these reserve funds is the result of the successful implementation of a long-term capital plan and financial sustainability model that the City is endeavoring to replicate for the tax supported business.

The Tax Supported Capital Reserves and Reserve Funds continue to be the most underfunded of the City's holdings. The limited balance in these reserve funds could impact the City's level of service, reduce the ability to respond to opportunities for grants or infrastructure projects, as well as limit the amount of debt the City can utilize in accordance with the City's Debt Management Policy. For this reason, staff will be recommending that a portion of the 2017 tax supported operating surplus be allocated to these reserves and reserve funds.

As discussed during the 2018 Budget, there is an increased risk of escalating WSIB costs due to the recent Presumptive Legislation changes and this is evidenced by the City's 2017 \$1.1 million over budget result. These legislative changes allow for a greater right of benefit for certain firefighter related claims and the potential cost of this to municipalities is a considerable. To address this, staff are recommending a transfer of \$813 thousand from the Compensation Contingency Reserve (131) to the WSIB Reserve (330) to ensure funds are available if this WSIB upward cost trending continues. Further, it is also being recommended that a portion of the 2017 tax supported operating surplus be allocated towards this reserve for the same reason. After all recommended transfers, this reserve will have a balance of \$3.1 million or 83 per cent of target.

Finally, staff are recommending the creation of three new Program-specific Reserves: Police Operating Contingency Reserve (115), Library Operating Contingency Reserve (102), and Paramedic Services Provincial Capital Reserve (360). The contingency reserves will serve to improve the Local Board budget development process related to one-time funding requirements and facilitate the

proposed future implementation of a multi-year budget methodology. The latter reserve will create the structure to better manage the provincial component of funding received for Paramedic capital lifecycling from the Ministry of Health and Long-term Care.

Financial Implication

Reserves and reserve funds are established by Council to assist with long-term financial stability, operating and capital budgeting and to absorb unexpected shifts in revenue or expenditures.

The reserves and reserve funds after commitments represents the true amount of funding available for contingency and capital planning. It is used to determine debt capacity limits and influences the City's credit rating score on an annual basis. The actual closing balance of the collective reserves and reserve funds before commitments is what is reported on the City's annual Audited Financial Statements.

Report

Reserves and reserve funds are established by Council to assist with long-term financial stability, operating and capital budgeting and to absorb unexpected shifts in revenue or expenditures. The City has both reserves and reserve funds.

Reserves are established for a pre-determined use and are applied at the discretion of Council for that purpose. **Reserve Funds** are restricted by statute or by Council discretion and must be segregated from general revenue.

The City has 62 reserves and reserve funds that collectively have a closing balance of \$252 million and an uncommitted balance of \$104 million as at December 31, 2017 (see ATT-2 Reserve and Reserve Fund Activity for complete details). Of this, the uncommitted balance of \$77 million is non-tax supported, \$24 million is tax supported and \$2.5 million is obligatory.

The following report provides an update on key reserves and reserve funds that experienced noteworthy activity or have critical balances.

Tax Supported Corporate Reserves

Year-end balances

		2017	2016
180	Tax Rate Operating Contingency	\$7,109,057	\$6,809,257
131	Compensation Contingency	\$4,824,950*	\$5,414,393
198	Environment and Utility Contingency	\$2,050,000	\$750,000
193	Legal and Insurance	\$2,714,867	\$1,555,199
208	Social Housing Contingency	\$521,800	-
184	Insurance (consolidated with #193 Legal)	-	\$2,145,048
		\$17,220,674	\$16,673,897

*includes the proposed transfer of \$813,410 to WSIB #330

Overall, the Tax Supported Corporate Reserves have maintained comparable balances from 2016. The collective balance in these reserves is 7.2 per cent of the City's own-source revenue, which is slightly below the municipal best practice of eight to 10 per cent of own source revenues.

Notable reserve activity is as follows:

Tax Rate Operating Contingency Reserve (180) – This reserve is required to provide the City sufficient liquidity and cash flow and to offset extraordinary and unforeseen corporate expenditures in order to mitigate fluctuations to the tax rate. In 2017, \$360 thousand was approved to be transferred from this reserve to offset an unfavourable variance relating to the operations at the organics facility.

Compensation Contingency Reserve (131) – This reserve manages operating budget variances relating to employee benefits and other compensation related costs. The 2017 year-end balance is \$5.6 million which is \$813 thousand above the target identified in the General Reserve and Reserve Fund Policy. For this reason, staff are recommending that these excess funds be transferred to the underfunded WSIB Reserve (330), leaving the final reserve balance at \$4.8 million.

Environment and Utility Contingency Reserve (198) – This reserve was repurposed in 2017 with the intention of protecting against volatile operating expenditures relating to energy, fuel, winter control and other weather related events. In 2017, Phase 2 of the Reserve and Reserve Fund review and policy development recommended that \$800 thousand be transferred in from excess funds in the Legal and Insurance Reserve (193). An additional \$500 thousand was transferred in from savings realized in the 2017 winter control operating budget. The year-end balance of \$2.05 million is 64 per cent of the reserve balance target identified in the General Reserve and Reserve Fund Policy; a betterment from 2016.

Legal and Insurance Reserve (193) – In September 2017, Council approved two notable transactions: the consolidation of the previously separate Legal Reserve (184) and Insurance Reserve (193); and an \$800 thousand transfer to the newly created Environment and Utility Contingency Reserve (198).

Further, in 2017 \$100 thousand was transferred to offset lost revenue relating to a fire at Solid Waste Resources, and \$86 thousand was transferred to fund legal and insurance claim costs in excess of budget. This is in accordance with the General Reserve and Reserve Fund Policy.

The 2017 year-end balance of \$2.7 million is slightly above the approved General Reserve and Reserve Fund Policy target of \$2.5 million that is based on historical legal expenses and insurance claims.

Social Housing Contingency Reserve (208) – This reserve was created as part of the 2018 budget, for the purpose of managing the County’s Social Housing Capital program. In 2017, staff transferred \$522 thousand to the reserve which reflects the County’s unspent capital budget at the end of 2017. This new approach to accounting for the City’s share of capital costs will improve transparency, reduce the volatility risk and improve long-term financial planning for future investments in the County’s Social Housing Capital program.

Tax Supported Program Specific Reserves

Year-end balances

		2017	2016
100	Accumulated Sick Leave (Fire)	\$5,752,694	\$5,475,150
101	Accumulated Sick Leave (Police)	\$4,020,973	\$4,113,957
330	WSIB	\$2,902,016*	\$1,452,220
338	Paramedic Retirement	\$1,041,725	\$655,018
195	Election Costs	\$518,150	\$399,856
345	Westminster Woods	\$35,000	\$35,000
		\$14,270,558	\$12,131,201

*Includes proposed transfer of \$813,053 from Compensation Contingency #131

Program Specific Compensation Reserves (100, 101, 330 and 338) - The City maintains reserves to fund the cost of certain employee benefits that are incurred today, but payable in the future. These liabilities are generated through legislation and terms of collective agreements. The City is achieving the necessary balances for most of these reserves, except for the WSIB Reserve (330) which was \$1.68 million underfunded at year end. This is despite a Council approved \$650 thousand transfer in September 2017 from excess funds in the Compensation Contingency Reserve.

The risk of this funding deficiency is evidenced by the City’s actual WSIB claim experience in 2017 as city-wide WSIB costs were \$1.1 million over budget. The recent legislative changes that give a greater right of benefit to firefighters, referred to as Presumptive Legislation, is a contributing driver to the City’s increasing costs. Approximately \$600 thousand was attributable to this Presumptive Legislation in 2017 alone.

Given the increased risk of escalating WSIB costs, staff are recommending a transfer of \$813 thousand from the Compensation Contingency Reserve (131) to the WSIB Reserve (330) to ensure funds are available if this WSIB upward cost trending continues. Further, it is also being recommended that a portion of the 2017 tax supported operating surplus be allocated towards this reserve for the same reason. After all staff recommended transfers, this reserve will have a balance of \$3.1 million or 83 per cent of target.

Tax Supported Strategic Reserves

Year-end balances before commitments

		2017	2016
119	Affordable Housing	\$884,052	\$793,714
122	Redevelopment Incentives	\$6,614,546	\$3,131,231
194	Downtown Improvements	\$230,819	\$332,204
352	Greenhouse Gas	\$120,610	\$147,883
179	Strategic Initiatives	\$616,283	\$663,053
332	Industrial Land	\$(15,682,906)	\$(6,845,618)
		\$(7,216,596)	\$(1,777,533)

Other notable reserve activity:

Redevelopment Incentives Reserve Fund (122) – This reserve has a balance of \$6.6 million, but all of it is committed to Council-approved redevelopment projects that have signed legal agreements with the City. In 2017, as part of the reserve realignment project, \$1.3 million was consolidated into this reserve from four previous reserves that were used to track this program.

Further, as part of the long-term funding strategy for the Tax Increment Based Grants (TIBG's) \$2.1 million, net of 2017 grant payments, was transferred to this reserve as part of the City's 2017 budget. In 2017, Tax Increment Based Grants were paid to the developers of Market Commons at 5 Gordon Street and the Plaza at 40 Wellington Street.

Industrial Land Reserve Fund (332) – In 2017, the City realized \$1.8 million in land sale revenues at the Hanlon Creek Business Park (HCBP); however the \$10 million loan for this project came due in December 2017 which resulted in a final year-end balance of negative \$15.7 million. The City owns land assets in the HCBP that are backing this over-drawn position. A closed staff report (IDE-2018-43) was received by Council on March 26, 2018, which gave staff direction with respect to the HCBP project.

Tax Supported Program Specific Reserve Funds

Year-end balances before commitments

		2017	2016
Operating			
135	Museum Donations	\$150,020	\$92,669
356	Public Art	\$152,411	\$151,102
205	Community Investment	\$89,278	\$89,278
138	Library Bequests	\$433,130	\$370,150
Capital			
157	Library	\$883,413	\$899,117
115	Police Operating Contingency (previously Police Equipment)	\$0*	\$0*

158	Police	\$3,929,657	\$6,143,138
162	Sleeman Centre Naming Rights	\$27,964	\$34,306
189	Sleeman Centre	\$26,955	\$50,739
340	River Run	\$165,057	\$108,192
To Be Closed			
350	Transportation Demand Management	\$23,741	\$23,296
210	Information Technology	\$847,858	\$847,858
Consolidated into other reserves and closed in 2017			
206	Building Operations Maintenance (consolidated with #180 Tax Rate Operating Contingency)	-	\$82,400
136	McCrae House (consolidated with #135 Museum Donations)	-	\$24,275
137	Moon-MacKeigan Artifact (consolidated with #135 Museum Donations)	-	\$15,906
154	Capital Strategic Planning (consolidated with #150 Infrastructure Renewal)	-	\$16,584
178	Tree Donation (transfer to a capital project and closed)	-	\$(60)
355	Greening (transfer to a capital project and closed)	-	\$581
357	Brownfield Community Improvement Plan (consolidated to #122 Redevelopment Incentives)	-	\$92,498
192	Heritage Incentives (consolidated to #122 Redevelopment Incentives)	-	\$3,517
358	Downtown Tax Increment Based Grant (consolidated to #122 Redevelopment Incentives)	-	\$1,338,389
		\$6,729,485	\$10,383,936

*2017 & 2016 Police Equipment balances consolidated into Police Capital (158)

Program specific reserves and reserve funds are used to allocate funding for certain, Council-approved, purposes. Most of the program specific reserves and reserve funds do not have established balance targets, but the balances are managed to ensure sufficient funding for the program they support.

Notable reserve fund activity:

Police Capital (158) – The decrease year-over-year of this reserve is the net of \$5.1 million of approved capital spending offset by \$2.9 million of approved funding transferred from operating through the 2017 Budget.

Recommended new reserves and reserve funds:

1. Local Boards Operating Contingency Reserves

The Guelph Police Services (GPS) Board has requested that a portion of their operating surplus be allocated to a GPS Contingency Reserve (see ATT-3 Letter from GPS Board). Staff are supportive of this request in 2017 for a number of reasons:

- This addresses a budget process flow challenge that was identified during the 2018 budget development relating to accessing reserves to facilitate one-time expenditures. As the City has completed the General Reserve and Reserve Fund Policy update in 2017, the City's Tax Rate Operating Contingency Reserve will be utilized more frequently through the budget process to manage one-time budget impacts on the property tax rate. The City's Local Boards require a similar reserve structure as the City to achieve standardization of the budget process.
- From a forward looking perspective, operating contingency reserves will become more critical as the City moves towards a multi-year budget methodology in the years to come and again the Local Boards will require operating contingency reserves that mimic the City's structure.
- Historically, the City was not in a financial position to allocate surplus to the Local Boards for their needs, but given the improvement financial position, an allotment from the GPS surplus is affordable.

Based on the above reasoning, Staff would recommend a consistent approach to both GPS and Guelph Public Library (GPL) with respect to creating the following operating contingency accounts:

Police Operating Contingency - previously Police Equipment (115) –

To be repurposed and renamed to Police Operating Contingency Reserve and used to manage one-time operating expenditures for police services exclusively. Transfers to and from this reserve will be recommended by the GPS Board and Council will retain full approval authority.

It is also recommended that the prior to the repurposing as described above, the Police Equipment Reserve Fund be consolidated into the Police Capital Reserve Fund (158).

Library Operating Contingency (102) –

This will be a new reserve used to manage one-time operating expenditures for library services exclusively. Transfers to and from this reserve will be recommended by the GPL Board and Council will retain full approval authority.

2. Paramedic Services Provincial Capital Reserve Fund (360)

It is recommended that a reserve be created to manage funding from the Ministry of Health and Long-Term Care that is intended to cover part of the cost of lifecycle replacement relating to Paramedic Services. This is to be used to fund paramedic capital replacement projects up to 50 per cent of cost.

The following policy amendments are recommended to be approved and reflected in Appendix A of the General Reserve and Reserve Fund Policy:

NAME	PURPOSE	TARGET BALANCE	SOURCE OF FUNDS	USE OF FUNDS	AUTHORITY /TIMING
Paramedic Services Provincial Capital Reserve Fund #360	To fund the City's capital replacement cost of Paramedic capital projects within the limitations as set by the Ministry of Health.	No established maximum limit, reserve balance must be positive.	Funding is allocated to the municipality at a rate equal to 50% of annual depreciation of Paramedic assets.	To fund the City's portion of Paramedic capital replacement costs.	Council approved in-year or through the Capital Budget.
Library Operating Contingency Reserve #102	To mitigate fluctuations to the tax rate for planned one-time operating budget impacts. To offset extraordinary and unforeseen Library expenditures.	Not more than 1% of the Library annual operating budget.	Council approved surplus allocations transfers at year-end.	To offset budget deficits arising from unforeseen, extraordinary, expenditures. To fund one-time operating budget requests.	As recommended by the Guelph Public Library Board and approved by Council through the Operating Budget or year-end surplus / deficit allocation.
Police Operating Contingency Reserve #115	To mitigate fluctuations to the tax rate for planned one-time operating budget impacts. To offset extraordinary and unforeseen Police expenditures.	Not more than 1% of the Police annual operating budget.	Council approved surplus allocations transfers at year- end.	To offset budget deficits arising from unforeseen, extraordinary, expenditures. To fund one-time operating budget requests.	As recommended by the Police Services Board and approved by Council through the Capital Budget.

Recommended reserves to be closed:

1. **Information Technology Reserve (210)** – Was originally created to manage the licensing requirements relating to information technology. Staff has realized that the preferred approach to funding this type of expenditure is through the capital budget process. It is therefore recommended that the Information Technology Reserve (210) be closed in 2018 subsequent to the funding being transferred to the 2018 approved capital projects.
2. **Transportation Demand Management Reserve Fund (350)** – Was originally created in response to one-time grant funding received in 2009. This funding has been fully committed through the 2018 capital budget and as such, it is recommended that this reserve fund is closed subsequent to the funding being transferred to the capital projects.

Tax Supported Strategic Reserve Funds

Year-end balance before commitments

		2017	2016
155	City-owned Contaminated Sites	\$532,755	\$79,958
150	Infrastructure Renewal	\$19,663,107	\$22,488,206
156	Growth	\$1,009,457	\$4,525,909
159	City Building	\$1,340,596	\$1,814,899
351	Efficiency, Innovation and Opportunity	\$5,613,619	\$8,690,168
164	Roads Capital (transferred to #150 Infrastructure Renewal)	-	(\$23,630)
331	Road Widening (transferred to #150 Infrastructure Renewal)	-	\$894,981
	Total	\$28,159,534	\$38,470,491

The balance of the Tax Supported Strategic Reserve Funds dropped \$10.6 million from 2016. These reserve funds continue to be the most underfunded compared to the targets recommended in the General Reserve and Reserve Fund Policy. This could impact the City's level of service, reduce the City's ability to respond to opportunities for grants or infrastructure projects, and reduce the total debt-to-reserve ratio prescribed in the City's Debt Policy. Staff recommend that a portion of the 2017 tax-supported operating budget surplus be allocated to capital for this reason.

Notable reserve fund activity is as follows:

City-owned Contaminated Sites Reserve Fund (155) – This corporate capital reserve fund is to be used to manage liabilities associated with City-owned environmentally contaminated sites. The target balance for this reserve fund is 10 per cent of the total liability reported on the City's financial

statements that is based on the estimated cost of remediation. As of December 31, 2017, the City-owned Contaminated Sites Reserve Fund is \$2.6 million underfunded. This shortfall is a significant risk as the City may be compelled to remediate by other levels of government or local property owners could be impacted by the sites. Staff is recommending that a portion of the 2017 tax supported surplus be directed here to bring this funding closer to target.

Infrastructure Renewal Reserve Fund (150) – This is used to fund the replacement and rehabilitation of the City's tax supported infrastructure. It also funds all tax supported debt servicing including principle and interest. The target balance in this reserve fund is \$20 million, based on an average annual capital requirement. After prior year commitments have been applied, the balance in the reserve fund is almost zero, representing a \$20 million shortfall from the target. The City is addressing this funding shortfall through the Dedicated Infrastructure Levy strategy.

Growth Capital Reserve Fund (156) – This reserve fund is used to fund shortfalls in growth-related capital funding relating to exemptions, reductions and limitations mandated by the Development Charges Act, 1997 and the exemptions prescribed by the City's Development Charge By-law.

In 2017, \$770 thousand was transferred out of the Growth Capital Reserve Fund (156) to growth related capital projects and \$2.16 million was transferred to the Development Charge (DC) reserve funds to compensate for lost collections from the DC exemptions incurred. There was no corresponding contribution to the reserve fund through the 2017 budget, thereby depleting the balance in the reserve fund by \$3.5 million to \$1 million before commitments. This is significantly below the recommended target of \$2.8 million or 25 per cent or annual DC collection for all tax supported DC services. The Capital Transfer Allocation Policy approved by Council in 2017, will enforce a 10 per cent allocation of annual capital funding towards this reserve fund which will address this concern.

Efficiency, Innovation and Opportunity (EIO) Reserve Fund (351) – Is intended to provide funding for corporate investment opportunities that generate efficiencies and/or savings. The balance in this reserve fund dropped \$3 million in 2017, primarily due to significant spending on transit related expenditures that were as a result of leveraging the Public Transit Infrastructure Fund (PTIF) program to allow the City to purchase 24 conventional and six mobility transit buses. The uncommitted balance in the EIO Reserve Fund is \$3 million, and there is a 10 year repayment plan in place totalling \$2.0 million relating to approved energy projects. Given the recent announcement for the bi-lateral funding agreements signed by the federal and provincial governments, staff are expecting to need additional funds for matching purposes in 2018 or 2019 and as such are recommending part of the 2017 year-end surplus be directed to this reserve fund.

Non-Tax Supported Program Specific Operating Reserves

Year-end balance before Commitments

		2017	2016
181	Water Contingency	\$3,897,285	\$3,039,638
182	Wastewater Contingency	\$4,733,839	\$3,843,790
359	Stormwater Contingency	\$100,000	-
211	Court Contingency	\$535,807	\$467,772
105	Wastewater Contingency (transferred to #182 Wastewater Contingency)	-	\$890,049
106	Water Contingency (transferred to #181 Water Contingency)	-	\$857,647
		\$9,266,931	\$9,098,896

The balance in Non-tax Supported Program Specific Reserve increased by \$200 thousand in 2017, and in total, is sufficiently funded in excess of the target identified in the General Reserve and Reserve Fund Policy. These balances will be included into the 2019 non-tax supported rate modelling used in the development of the budget.

The implementation of the stormwater user pay structure in 2017 required the creation of a Stormwater Contingency Reserve (359) to provide for emergency and unplanned expenditures and protect against fluctuations to the rate. \$100 thousand was approved in the 2017 budget to initiate the Stormwater Contingency Reserve.

Non-tax Supported Program Specific Capital Reserve Funds

Year-end balance before commitments

		2017	2016
152	Water Capital	\$48,752,083	\$46,869,743
153	Wastewater Capital	\$66,260,042	\$59,269,539
165	Stormwater Capital	\$1,771,090	\$9,989
120	Courts Capital	\$1,143,249	\$1,131,613
353	Waterworks Development Charge Exemption (transferred to #152 Water Capital)		\$524,157
354	Wastewater Development Charge Exemption (transferred to #153 Wastewater Capital)		\$713,119
		\$117,926,464	\$108,518,160

The Non-Tax Program Specific Capital Reserve Funds increased \$9.6 million in 2017 to a total of \$127 million, before the application of prior year capital commitments. \$27.3 million was transferred to the Non-Tax Program Specific Capital Reserve Funds from non-tax supported sources and \$19.5 million was used to fund projects approved in the non-tax capital budget. \$2.3 million was transferred to the Water (311) and Wastewater (312) Development Charge reserve funds to offset the lost revenue from legislated DC exemptions.

As detailed in ATT-1, Reserve and Reserve Fund Targets, the Non-Tax Supported Program Specific Capital Reserve Funds collectively exceed the policy targets. The

current status of these reserve funds is the result of the successful implementation of a long-term capital plan and financial sustainability model that the City is endeavoring to replicate for the tax supported business. This enables flexibility in capital project management, reduced debt costs, and the ability to leverage other levels of government funding.

Obligatory Reserve Funds

Year-end balances before commitments

		2017	2016
300	Parkland Dedication	\$3,642,743	\$3,068,889
301	Downtown Parkland Dedication	\$612,957	\$540,545
188	Building Services OBC	\$2,875,272	\$2,859,925
342	Dedicated Gas Tax	\$-	\$(179,021)
343	Federal Gas Tax	\$11,896,564	\$7,955,799
311 - 327	Development Charge Reserve Funds (15)	\$46,661,031	\$39,705,271
		\$65,688,566	\$53,951,408

Obligatory Reserve Funds are established when a provincial statute requires that revenue received for specific purposes is to be segregated from the general revenues of the municipality. Obligatory Reserve Funds are to be used solely for the purpose prescribed for them by statute. The City has Obligatory Reserve Funds for Development Charges, Cash-in-lieu of Parkland, Building Services and Gas Tax.

Notable reserve fund activity is as follows:

Downtown Parkland Dedication Reserve Fund (301) – Is intended to manage the monies needed to provide parkland to the population growth downtown. Cost estimates generated through the Downtown Secondary Plan, identified that \$4.3 million of cash-in-lieu funds were required to purchase the desired downtown parkland by 2022. To date, there is \$613 thousand in the reserve fund, and it is considered to be significantly underfunded. This variance is due to slower than anticipated redevelopment and this should be considered when evaluating the capital budget and forecast. Additionally, there is currently a Parkland Dedication By-law review being undertaken that will inform the funding strategy and collections for this projected reserve fund deficiency.

Development Charge Reserve Funds (311-327) – Increased from \$39.7 million to \$46.7 million in 2017. This increase was the result of increased collections, a reduction in capital expenditures, and the inclusion of accessory apartments in the Development Charge (DC) exemption entry.

The DC exemption entry is required to top up the DC reserve funds for the lost collections resulting from legislated and Council approved exemptions and prescribed through the DC Exemption Policy. This policy supports the direction of being transparent regarding the tax and rate cost of growth related capital. Through the detailed work being completed on the DC

Background Study, it was noted that exemptions relating to accessory apartments had not been included in the annual exemption entry which was rectified in 2017. The total DC exemption transfer from both non-tax and tax supported sources is \$5 million in 2017.

DC collections increased slightly over 2016, however spending in 2017 was \$5.7 million less than spending in 2016. The 2017 Development Charge Reserve Fund Statement Report, CS-2018-45, is a legislated requirement that will be received by Council in May 2018 and will include a full report of all DC activity.

Financial Implications

Reserves and reserve funds are established by Council to assist with long-term financial stability, operating and capital budgeting and to absorb unexpected shifts in revenue or expenditures.

Consultations

Not applicable.

Corporate Administrative Plan

Overarching Goals

Financial Stability

Service Excellence

Service Area Operational Work Plans

Our Resources - A solid foundation for a growing city

Attachments

- | | |
|-------|---|
| ATT-1 | Reserve and Reserve Fund Target |
| ATT-2 | Reserve and Reserve Fund Activity |
| ATT-3 | Guelph Police Board Request for Operating Contingency Reserve |

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Reserve and Reserve Fund Target
as at December 31, 2017

NAME	#	PURPOSE	TARGET BALANCE	TARGET	UNCOMMITTED BALANCE	(UNDERFUNDED) SUFFICIENTLY FUNDED	FUNDING STRATEGY	
TAX SUPPORTED								
RESERVES								
OPERATING								
CORPORATE	TAX RATE OPERATING CONTINGENCY	180	To provide cash flow and working capital, provide sufficient liquidity, offset extraordinary and unforeseen corporate expenditures. To mitigate fluctuations to the tax rate for planned one-time operating budget impacts.	8-10% of own source revenue less other tax-supported corporate operating contingency reserves. Reserve balance cannot fall below \$5 million in order to maintain sufficient corporate liquidity.	7,912,723	7,109,057	(803,666)	Operating base budget contributions and annual surplus allocations.
	COMPENSATION CONTINGENCY	131	To manage operating budget variances relating to employee benefits and other compensation related costs including: Medical / Dental benefits, Short-term and Long-term Disability Severance, Employee Assistance Program (EAP), Arbitration related costs, Regulatory audit decisions, Joint Job Evaluation Committee, Pay Equity.	2.5% of total annual corporate salary and benefit budget.	4,824,950	5,638,003	813,053	Annual monitoring of actual benefit costs compared to budgeted estimates. Annual compensation benefit budget reflects adjustments for historical experience. Year-end surplus transfers as required.
	ENVIRONMENT AND UTILITY CONTINGENCY	198	To offset the impact of volatile operating expenditures relating to energy, fuel, winter control and other weather related events.	Up to 25% of three year average hydro & winter control expense.	3,244,995	2,050,000	(1,194,996)	Operating base budget contributions and annual surplus allocations.
	LEGAL/INSURANCE	193	To manage operating budget variances relating to external legal expenditures and settlements, large insurance claims, insurance deductible costs and other costs not recoverable through insurance (lost revenue, business interruption).	Average of the past five years legal and insurance claims.	2,497,332	2,714,867	217,535	Automatic transfer of external legal and insurance claim cost variances year-to-year. Operating base budget contributions and annual surplus allocations.
	SOCIAL HOUSING CONTINGENCY RESERVE	208	To manage variances relating to social housing capital costs.	No established maximum limit, reserve balance must be positive.	0	521,800	521,800	No funding strategy required.
	POLICE OPERATING CONTINGENCY	115	Pending approval	Pending approval	0	0	0	No funding strategy required.
	ACCUMULATED SICK LEAVE (FIRE)	100	To set aside funds over the service life of an employee to fund sick leave hours that are payable in the future.	Minimum = 95% of the Liability for Sick Leave.	5,207,502	5,752,694	545,193	Annual compensation budget allocation for this reserve.
ACCUMULATED SICK LEAVE (POLICE)	101	To set aside funds over the service life of an employee to fund sick leave hours that are payable in the future.	Minimum = 95% of the Liability for Sick Leave.	3,928,466	4,020,973	92,507	Annual compensation budget allocation for this reserve.	
WSIB	330	To set aside funds throughout the service life of an employee to fund the expected cost of WSIB claims.	Minimum = 50% of the WSIB Liability.	3,767,995	2,088,963	(1,679,032)	Annual compensation budget allocation for this reserve. Year-end surplus transfers.	

Reserve and Reserve Fund Target as at December 31, 2017

	NAME	#	PURPOSE	TARGET BALANCE	TARGET	UNCOMMITTED BALANCE	(UNDER FUNDED) SUFFICIENTLY FUNDED	FUNDING STRATEGY
PROGRAM SPECIFIC	PARAMEDIC RETIREMENT	338	To set aside funds over the service life of an employee to fund the future cost of a retirement benefit payment. Paramedic employees hired before July 1, 2010 receive a lump sum retirement benefit based on years of service.	Equal to the long-term funding plan required to fund retirement payments over the remaining service life of the paramedics.	655,018	1,041,725	386,707	Annual compensation budget allocation for this reserve.
	ELECTION COSTS	195	Established to amortize the cost of a municipal election over four years, rather than expensing the entire amount in the year of the election.	Prior election cost total plus accumulated annual inflation to be achieved by next election year.	524,000	518,150	(5,850)	Annual operating budget allocation for this reserve.
	WESTMINSTER WOODS	345	This reserve is required, as per the Licence Agreement (September 2006) between the City and Westminster Woods Ltd.	\$35,000	35,000	35,000	0	No funding strategy required.
STRATEGIC	AFFORDABLE HOUSING	119	To provide incentives to developers that encourage the creation of affordable rental units. REFER TO SEPARATE COUNCIL APPROVED POLICY.	As mandated by the affordable housing strategy to be approved by Council 2017. No target is identified because Council did not approve the funding strategy in the 2018 budget.	0	884,052	884,052	Proposed funding strategy was not approved by Council in the 2018 budget. Future strategy will need to be developed.
	REDEVELOPMENT INCENTIVES (3)	122	Redevelopment Incentive program aimed at encouraging redevelopment of brownfield sites, heritage sites and high density developments in the downtown.	Please see the TIBG fiscal impact schedule for the program funding requirements (based on committed and completed projects). Balance must be positive.	0	0	0	Long-term Council approved financial strategy in place through annual operating budget contributions to this reserve.
	DOWNTOWN IMPROVEMENT	194	Downtown CIP incentive program supports private sector investments in the form of façade improvement, feasibility studies and large scale renovations.	Reserve is intended to accommodate longer-term grant commitments over a year-end.	0	6,677	6,677	As approved annually through the operating budget.
	GREENHOUSE GAS	352	To earmark revenues from the sale of Greenhouse gas credits for improvements to the Eastview Landfill.	No established maximum limit, reserve balance must be positive.	0	67,159	67,159	Currently under review.
	STRATEGIC INITIATIVES	179	To fund the implementation of the Corporate Administration Plan (previously Corporate Strategic Plan).	No established maximum limit, reserve balance must be positive.	0	53,404	53,404	Annual operating budget allocation for this reserve.
	INDUSTRIAL LAND	332	To fund the development of the Hanlon Creek Business Park.	Value of future land sales must be equal to or greater than cost of servicing less life to date land sales.	0	(15,943,112)	(15,943,112)	Proceeds from City-owned industrial lands are automatically transferred to this reserve. The City holds land assets that will be sold to recover this deficiency. Council received a strategy update in March 2018 regarding this Reserve Fund.

Reserve and Reserve Fund Target as at December 31, 2017

NAME	#	PURPOSE	TARGET BALANCE	TARGET	UNCOMMITTED BALANCE	(UNDER FUNDED) SUFFICIENTLY FUNDED	FUNDING STRATEGY	
TAX-SUPPORTED (RESERVE FUNDS)								
OPERATING								
PROGRAM SPECIFIC	MUSEUM DONATIONS (3)	135	To fund Museum and McCrae house operating or capital projects, including artifacts.	No established maximum limit, reserve balance must be positive.	0	150,008	150,008	No funding strategy required.
	PUBLIC ART	356	To accumulate funds for the purpose of investing in public art.	No established maximum limit, reserve balance must be positive.	0	152,396	152,396	No funding strategy required.
	COMMUNITY INVESTMENT	205	To support community programs and initiatives.	No established maximum limit, reserve balance must be positive.	0	89,278	89,278	No funding strategy required.
	TRANSPORTATION DEMAND MANAGEMENT	350	Develop strategies to move the modal split within the City towards Council targets.	No established maximum limit, reserve balance must be positive.	0	23,739	23,739	No funding strategy required.
	INFORMATION TECHNOLOGY	210	To fund software licence replacement.	No established maximum limit, reserve balance must be positive.	0	847,858	847,858	Annual operating budget allocation for this reserve.
	LIBRARY BEQUESTS	138	To fund one-time library related capital or operating expenses.	No established maximum limit, reserve balance must be positive.	0	433,091	433,091	No strategy required.
CAPITAL								
PROGRAM SPECIFIC	LIBRARY	157	To assist in financing the cost of construction, reconstruction or acquisition of Library assets.	No established maximum limit, reserve balance must be positive.	0	575,653	575,653	No strategy required.
	POLICE	158	To assist in financing the cost of construction, reconstruction or acquisition of Police assets.	No established maximum limit, reserve balance must be positive.	0	1,964,169	1,964,169	No strategy required.
	SLEEMAN CENTRE NAMING RIGHTS	162	To fund capital projects at the Sleeman Centre.	No established maximum limit, reserve balance must be positive.	0	27,961	27,961	No strategy required.
	SLEEMAN CENTRE	189	To fund non-lifecycle capital projects at the Sleeman Centre.	No established maximum limit, reserve balance must be positive.	0	16,923	16,923	No strategy required.
	RIVER RUN	340	To fund capital projects at the River Run.	No established maximum limit, reserve balance must be positive.	0	146,016	146,016	No strategy required.
STRATEGIC	INFRASTRUCTURE RENEWAL	150	To provide funds for the replacement and rehabilitation of the City's infrastructure	Annual capital transfer equal to 100 year average total tax supported asset replacement cost. Balance equal one year's worth of tax supported capital requirement based on ten year average. **To be further refined through the work of the Asset Management Office.	20,000,000	2,852	(19,997,148)	Council approved 10 year capital levy to increase capital funding to a sustainable level. Dedicating 80% of the annual capital budget transfer to infrastructure renewal funding. Asset Management Office strategies for capital replacement prioritization, service level standards and long-term asset replacement plans.
	CITY-OWNED CONTAMINATED SITES	155	Allocation of funds to manage liabilities associated with City-owned environmentally contaminated sites.	10% of the current outstanding liability.	2,686,000	15,265	(2,670,735)	Funded through capital reserve transfers on an annual basis. Annual planned costs of monitoring, assessments and clean up are budgeted as required.
	GROWTH	156	To provide funds to cover shortfalls in growth related capital funding relating to exemptions, reductions and limitations mandated by the Development Charge Act, 1997 and exemptions prescribed by the City's DC By-law.	25% of annual DC collections (based on three year average before exemptions).	2,800,000	(61,354)	(2,861,354)	Dedication of 10% of the annual capital levy to support growth related projects. Refinement of costing model and the tax cost of growth through the DC Background Study in 2018.

Reserve and Reserve Fund Target as at December 31, 2017

NAME	#	PURPOSE	TARGET BALANCE	TARGET	UNCOMMITTED BALANCE	(UNDER FUNDED) SUFFICIENTLY FUNDED	FUNDING STRATEGY	
CITY BUILDING	159	To fund enhancements to City assets that are non-growth related and not asset renewal, including those related to accessibility.	Average 10 year annual requirement.	4,000,000	21,941	(3,978,059)	Dedication of 10% of the annual capital levy to support City Building related projects. Utilizing debt to cash flow significant City Building projects.	
EFFICIENCY, INNOVATION AND OPPORTUNITY FUND	351	To provide funding for corporate investment opportunities that generate efficiencies and/or savings or avoided costs that may be repaid to the reserve in full or part over a period of time.	Minimum \$5 million	5,000,000	3,093,390	(1,906,610)	Subject to budget approval, an annual operating transfer to invest in efficiency and cost avoidance projects. Annual approved repayment plans for certain capital related projects such as energy. Current repayment plan over 10 years totals \$2 million.	
NON-TAX SUPPORTED - RESERVE FUNDS								
OPERATING								
PROGRAM SPECIFIC	WATER CONTINGENCY	181	To meet emergency and unplanned funding needs for Water Operations in order to avoid operating deficits or fluctuations in the rate.	10% of annual gross operating expenditures.	3,045,000	3,897,285	852,285	Annual budget surplus transfers.
	WASTEWATER CONTINGENCY	182	To meet emergency and unplanned funding needs for Wastewater Operations in order to avoid an operating deficits or fluctuations in the rate.	10% of annual gross operating expenditures.	3,095,100	4,733,839	1,638,739	Annual budget surplus transfers.
	STORMWATER CONTINGENCY	359	To meet emergency and unplanned funding needs for Stormwater Operations in order to avoid an operating deficit or fluctuations in the rate.	10% of annual gross operating expenditures.	421,900	100,000	(321,900)	Annual budget surplus transfers.
	COURT CONTINGENCY	211	To meet emergency and unplanned funding needs for Courts in order to avoid an operating deficit.	8 - 10% of City's share of Court's gross operating expenditures.	390,200	535,807	145,607	Annual budget surplus transfers.
CAPITAL								
PROGRAM SPECIFIC	WATER CAPITAL	152	To assist in financing the capital program for waterworks.	Annual capital transfer equal to 100 year average total waterworks asset replacement cost; Balance equal to the average 3% of total waterworks asset replacement cost. **To be further refined through the work of the Asset Management Office.	18,465,000	28,956,000	10,491,000	10 year capital plans that are supported by the Asset Management Office practices and policies. Annual sustainable budget transfers and year end budget surplus.
	WASTEWATER CAPITAL	153	To assist in financing the capital program for Wastewater.	Annual capital transfer equal to 100 year average total wastewater asset replacement cost. Balance equal to the average 3% of total wastewater asset replacement cost. **To be further refined through the work of the Asset Management Office.	18,018,000	38,280,331	20,262,331	10 year capital plans that are supported by the Asset Management Office practices and policies. Annual sustainable budget transfers and year end budget surplus. Significantly above targeted balance due to delays in executing needed capital work.

Reserve and Reserve Fund Target as at December 31, 2017

	NAME	#	PURPOSE	TARGET BALANCE	TARGET	UNCOMMITTED BALANCE	(UNDER FUNDED) SUFFICIENTLY FUNDED	FUNDING STRATEGY
PRC	STORMWATER CAPITAL	165	To assist in financing the capital program for Stormwater.	Annual capital transfer equal to 100 year average total stormwater asset replacement cost. Balance equal to the average 3% of total stormwater asset replacement cost. **To be further refined through the work of the Asset Management Office.	16,746,000	(439,881)	(17,185,881)	10 year capital plans that are supported by the Asset Management Office practices and policies. Annual sustainable budget transfers and year end budget surplus. Stormwater became a rate supported utility in 2017 and a long-term rate plan is in place to bring stormwater capital funding to sustainable levels.
	COURTS CAPITAL	120	To assist in financing the capital program for the Provincial Offences Act (POA) Court operations.	Under review - to be based on the outcome of the Asset Management Plan work.	0	1,118,870	1,118,870	Under review and will be finalized as part of the on-going Asset Management review.
OBLIGATORY RESERVE FUNDS								
CORPORATE	PARKLAND DEDICATION	300	Created in accordance with subsection 42 (14) and (15) of the Planning Act for the purpose of requiring the payment of cash-in-lieu of conveyance of land for a park or other public recreation purpose.	2018 update to the City's Parkland Dedication By-law will provide information needed to determine appropriate target.	0	3,625,823	3,625,823	Currently under review.
	DOWNTOWN PARKLAND DEDICATION	301	Created in accordance with subsection 42 (14) and (15) of the Planning Act for the purpose of requiring the payment of cash-in-lieu of conveyance of land for a park or other public recreation purpose in the downtown.	25% of the planned parkland purchase cost in accordance with the Downtown Secondary Plan.	1,065,137	612,900	(452,237)	Manage planned projects within the funding envelope available.
	BUILDING SERVICES OBC STABILIZATION	188	As mandated by O.Reg.305/03 of the Building Code, a building services stabilization reserve fund is required for managing fluctuations in City building activity that may impact operations.	One year operating expenditure (based on five year average).	3,069,730	2,816,178	(253,552)	Annual rate reviews and adjustments to maintain cost recovery level.
	DEDICATED GAS TAX	342	Monies received from the Provincial government that are to be used to support increased public transportation ridership and investments in the renewal and expansion of public transportation.	No established maximum limit, reserve balance must be positive.	0	(225,181)	(225,181)	No funding strategy required.
	FEDERAL GAS TAX	343	Infrastructure construction, renewal or enhancement within 17 eligible categories.	No established maximum limit, reserve balance must be positive.	0	1,306,279	1,306,279	No strategy required.
	DEVELOPMENT CHARGES	311 to 327	As prescribed by the DCA, 1997, reserve funds are used to facilitate the collection of development charges from growth within the City and the funding of capital infrastructure required to accommodate that growth.	Reserve fund balance must be zero by build out and debt interest cannot exceed 20% of annual DC revenues.	0	(5,644,728)	(5,644,728)	Debt fund cash flow gaps; Adjust capital plan to match estimated projections; Revisit growth targets and rate development as part of the 2019 DC Background Study.

Reserve and Reserve Fund Activity

December 31, 2017

Reserve and/or Reserve Fund	Opening Balance	Interest	Transfers			Development Charge Collections	Other External Contributions	Debt Servicing	Closing Balance	Prior Year Commitments	Balance After Commitments	Proposed Transfers	Balance After Proposed Transfers	
			From/(To) Operating	(To)/From Capital	Between Reserves and Reserve Funds									
TAX-SUPPORTED														
RESERVES														
Corporate														
180	Tax Rate Operating Contingency	6,809,257	-	238,000	-	61,800	-	-	-	7,109,057	-	7,109,057	7,109,057	
131	Compensation Contingency	5,414,393	-	813,410	-	(589,800)	-	-	-	5,638,003	-	5,638,003	(813,053)	4,824,950
198	Environment and Utility Contingency	750,000	-	500,000	-	800,000	-	-	-	2,050,000	-	2,050,000	-	2,050,000
193	Legal/Insurance	1,555,199	-	(185,380)	-	1,345,048	-	-	-	2,714,867	-	2,714,867	-	2,714,867
208	Social Housing Contingency	-	-	521,800	-	-	-	-	-	521,800	-	521,800	-	521,800
184	Insurance	2,145,048	-	-	-	(2,145,048)	-	-	-	-	-	-	-	-
197	HR Negotiations	-	-	60,200	-	(60,200)	-	-	-	-	-	-	-	-
Total		16,673,897	1,948,030	1,948,030	-	(588,200)	-	-	-	18,033,727	-	18,033,727	(813,053)	17,220,674
Program Specific														
100	Accumulated Sick Leave (Fire)	5,475,150	-	277,545	-	-	-	-	-	5,752,694	-	5,752,694	-	5,752,694
101	Accumulated Sick Leave (Police)	4,113,957	-	(92,984)	-	-	-	-	-	4,020,973	-	4,020,973	-	4,020,973
330	WSIB	1,452,220	-	(13,257)	-	650,000	-	-	-	2,088,963	-	2,088,963	813,053	2,902,016
338	Paramedic Retirement	655,018	-	386,707	-	-	-	-	-	1,041,725	-	1,041,725	-	1,041,725
195	Election Costs	399,856	-	118,295	-	-	-	-	-	518,150	-	518,150	-	518,150
345	Westminster Woods	35,000	-	-	-	-	-	-	-	35,000	-	35,000	-	35,000
Total		12,131,201	-	676,305	-	650,000	-	-	-	13,457,506	-	13,457,506	813,053	14,270,559

Reserve and/or Reserve Fund	Opening Balance	Interest	Transfers			Development Charge Collections	Other External Contributions	Debt Servicing	Closing Balance	Prior Year Commitments	Balance After Commitments	Proposed Transfers	Balance After Proposed Transfers	
			From/(To) Operating	(To)/From Capital	Between Reserves and Reserve Funds									
Strategic														
119	Affordable Housing	793,714	-	100,000	-	(9,662)	-	-	-	884,052	-	884,052	884,052	
122	Redevelopment Incentives	3,131,231	-	2,418,330	-	1,164,985	-	-	-	6,714,546	6,714,546	-	-	
194	Downtown Improvements	332,204	-	(101,385)	-	-	-	-	-	230,819	224,142	6,677	6,677	
352	Greenhouse Gas	147,883	2,977	125,000	(155,250)	-	-	-	-	120,610	91,180	29,430	29,430	
179	Strategic Initiatives Industrial	663,053	-	(46,770)	-	-	-	-	-	616,283	562,879	53,404	53,404	
332	Land	(6,845,618)	-	1,321,105	52,107	-	-	-	(10,210,500)	(15,682,906)	45,751	(15,728,657)	(15,728,657)	
Total		(1,777,532)	2,977	3,816,280	(103,142)	1,155,323	-	-	(10,210,500)	(7,116,595)	7,638,498	(14,755,093)	-	(14,755,093)

RESERVE FUNDS

Program Specific

OPERATING														
135	Museum Donations	92,669	2,296	(2,546)	17,419	40,181	-	-	-	150,020	-	150,020	150,020	
356	Public Art	151,102	2,871	-	(1,562)	-	-	-	-	152,411	-	152,411	152,411	
205	Community Investment	89,278	-	-	-	-	-	-	-	89,278	-	89,278	89,278	
138	Library Bequests	370,150	7,599	55,382	-	-	-	-	-	433,130	-	433,130	433,130	
350	Transportation Demand Management	23,296	445	-	-	-	-	-	-	23,741	-	23,741	23,741	
210	Information Technology	847,858	-	-	-	-	-	-	-	847,858	-	847,858	847,858	
CAPITAL														
157	Library	899,117	16,862	360,000	(392,567)	-	-	-	-	883,413	304,776	578,637	578,637	
115	Police Operating Contingency (formerly Police Equipment Reserve Fund)	2,927,043	42,383	1,000,000	(2,416,118)	(1,553,307)	-	-	-	0	-	-	-	
158	Police	3,216,096	52,903	1,800,000	(2,894,249)	1,754,907	-	-	-	3,929,657	1,965,488	1,964,169	1,964,169	
162	Sleeman Centre Naming Rights	34,306	589	56,840	(63,771)	-	-	-	-	27,964	-	27,964	27,964	
189	Sleeman Centre	50,739	735	15,547	(40,066)	-	-	-	-	26,955	9,934	17,021	17,021	
340	River Run	108,192	2,585	70,345	(16,064)	-	-	-	-	165,057	18,848	146,209	146,209	
136	McCrae House	24,275	-	-	-	(24,275)	-	-	-	-	-	-	-	
137	Moon-MacKeigan Artifacts	15,906	-	-	-	(15,906)	-	-	-	-	-	-	-	
154	Capital Strategic Planning	16,584	-	-	-	(16,584)	-	-	-	-	-	-	-	
178	Tree Donation	(60)	-	-	60	-	-	60	-	-	-	-	-	
192	Heritage Incentives	3,517	-	-	-	(3,517)	-	-	-	-	-	-	-	
206	Building Operations Maintenance	82,400	-	(20,600)	-	(61,800)	-	-	-	-	-	-	-	
355	Greening	581	-	-	(581)	-	-	-	-	-	-	-	-	
357	Brownfield CIP	92,498	-	-	-	(92,498)	-	-	-	-	-	-	-	
358	Downtown TIBG	1,338,389	-	-	-	(1,338,389)	-	-	-	-	-	-	-	
Total		10,383,936	129,267	3,334,967	(5,807,498)	(1,311,187)	-	60	-	6,729,485	2,299,046	4,430,439	-	4,430,439

Reserve and/or Reserve Fund	Opening Balance	Interest	Transfers			Development Charge Collections	Other External Contributions	Debt Servicing	Closing Balance	Prior Year Commitments	Balance After Commitments	Proposed Transfers	Balance After Proposed Transfers	
			From/(To) Operating	(To)/From Capital	Between Reserves and Reserve Funds									
Strategic														
155	City-owned Contaminated Sites	79,958	5,796	475,533	(121,030)	92,498	-	-	-	532,755	517,490	15,265	15,265	
150	Infrastructure Renewal	22,488,206	409,339	22,930,563	(17,855,124)	322,312	-	-	(8,632,190)	19,663,107	19,660,255	2,852	2,852	
156	Growth	4,525,909	52,363	(8,959)	(771,157)	(2,161,092)	-	-	(627,606)	1,009,457	1,070,811	(61,354)	(61,354)	
159	City Building	1,814,899	29,850	2,615,298	(1,449,657)	-	-	-	(1,669,794)	1,340,596	1,318,655	21,941	21,941	
351	Efficiency, Innovation and Opportunity Fund	8,690,168	135,309	203,080	(3,414,938)	-	-	-	-	5,613,619	2,520,229	3,093,390	3,093,390	
164	Roads Capital	(23,630)	-	-	-	23,630	-	-	-	-	-	-	-	
331	Roads Widening	894,981	-	-	-	(894,981)	-	-	-	-	-	-	-	
Total		38,470,490	632,657	26,215,515	(23,611,906)	(2,617,633)	-	-	(10,929,590)	28,159,534	25,087,440	3,072,094	-	3,072,094

Total Tax Supported	75,881,991	2,712,931	35,991,098	(29,522,546)	(2,711,698)	-	60	(21,140,090)	59,263,656	35,024,984	24,238,672	-	24,238,672
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NON-TAX SUPPORTED

RESERVES

Program Specific

OPERATING														
181	Water Contingency	3,039,638	-	-	-	857,647	-	-	-	3,897,285	-	3,897,285	3,897,285	
182	Wastewater Contingency	3,843,790	-	-	-	890,049	-	-	-	4,733,839	-	4,733,839	4,733,839	
359	Stormwater Contingency	-	-	-	-	-	-	-	-	100,000	-	100,000	100,000	
211	Court Contingency	467,772	-	68,035	-	-	-	-	-	535,807	-	535,807	535,807	
105	Wastewater Contingency (old)	890,049	-	-	-	(890,049)	-	-	-	-	-	-	-	
106	Water Contingency (old)	857,647	-	-	-	(857,647)	-	-	-	-	-	-	-	
Total		9,098,896	-	68,035	-	-	-	-	-	9,266,931	-	9,266,931	-	9,266,931

RESERVE FUNDS

Program Specific

CAPITAL														
152	Water Capital	46,869,743	904,550	12,970,000	(10,857,444)	(1,134,765)	-	-	-	48,752,083	19,796,083	28,956,000	28,956,000	
153	Wastewater Capital	59,269,539	1,187,467	13,250,000	(6,939,886)	(507,078)	-	-	-	66,260,042	27,979,711	38,280,331	38,280,331	
165	Stormwater Capital	9,989	16,848	2,947,168	(1,658,020)	565,623	-	-	(110,519)	1,771,090	2,210,971	(439,881)	(439,881)	
120	Courts Capital	1,131,613	21,519	403,296	(16,102)	-	-	-	(397,076)	1,143,249	24,379	1,118,870	1,118,870	
353	Waterworks Development Charge Exemption	524,157	-	-	-	(524,157)	-	-	-	-	-	-	-	
354	Wastewater Development Charge Exemption	713,119	-	-	-	(713,119)	-	-	-	-	-	-	-	
Total		108,518,159	2,130,385	29,570,464	(19,471,453)	(2,313,496)	-	-	(507,595)	117,926,465	50,011,144	67,915,321	-	67,915,321

Reserve and/or Reserve Fund	Opening Balance	Interest	Transfers			Development Charge Collections	Other External Contributions	Debt Servicing	Closing Balance	Prior Year Commitments	Balance After Commitments	Proposed Transfers	Balance After Proposed Transfers
			From/(To) Operating	(To)/From Capital	Between Reserves and Reserve Funds								
Total Non Tax Supported	117,617,055	2,130,385	29,638,499	(19,471,453)	(2,313,496)	-	-	(507,595)	127,193,395	50,011,144	77,182,251	-	77,182,251

OBLIGATORY RESERVE FUNDS

Corporate														
300	Parkland Dedication	3,068,889	63,490	-	509,164	-	-	699,812	-	3,641,543	15,720	3,625,823	-	3,625,823
301	Downtown Parkland Dedication	540,545	10,912	-	61,500	-	-	61,500	-	612,957	-	612,957	-	612,957
188	Building Services OBC Stabilization	2,859,925	54,253	-	(38,906)	-	-	-	-	2,875,272	59,094	2,816,178	-	2,816,178
342	Dedicated Gas Tax	(179,021)	-	2,881,354	(2,702,333)	-	-	-	-	-	225,181	(225,181)	-	(225,181)
343	Federal Gas Tax	7,955,799	177,516	7,530,400	(3,767,151)	-	-	-	-	11,896,564	10,590,285	1,306,279	-	1,306,279
Total		14,246,137	306,170	10,411,754	(5,937,725)	-	-	761,312	-	19,026,335	10,890,280	8,136,055	-	8,136,055

Development Charges														
311	Water	25,178,771	546,348	-	(4,706,909)	1,661,857	6,443,174	-	(89,835)	29,033,406	16,829,393	12,204,013	-	12,204,013
312	Wastewater	16,350,805	371,016	-	(2,928,727)	1,222,805	4,679,732	-	(82,565)	19,613,065	5,463,277	14,149,788	-	14,149,788
313	Stormwater	(1,510,229)	(28,008)	-	(24,379)	23,285	88,733	-	-	(1,450,598)	513,529	(1,964,127)	-	(1,964,127)
314	Services Related to a Highway	(16,097,851)	64,707	-	(984,005)	658,071	2,635,183	-	(363,381)	(14,087,277)	4,065,189	(18,152,466)	-	(18,152,466)
315	Fire Services	(1,262,849)	(20,238)	-	(378,300)	54,774	214,450	-	(13,414)	(1,405,577)	42,699	(1,448,276)	-	(1,448,276)
316	Library	2,686,527	55,614	-	-	86,808	363,570	-	-	3,192,519	-	3,192,519	-	3,192,519
317	Transit	597,988	14,408	-	(179,425)	99,718	392,471	-	-	925,159	245,704	679,455	-	679,455
318	Administration	1,136,078	17,811	-	(721,637)	62,575	251,955	-	-	746,782	2,890,603	(2,143,821)	-	(2,143,821)
319	Indoor Recreation	12,629,859	255,027	-	(695,190)	412,128	1,727,725	-	-	14,329,548	3,179,340	11,150,208	-	11,150,208
320	Parks	3,438,747	59,878	-	(3,403,124)	538,279	2,257,252	-	-	2,891,031	3,145,693	(254,662)	-	(254,662)
323	Parking	5,594,998	109,489	-	(404,848)	134,802	544,824	-	-	5,979,265	9,891,217	(3,911,952)	-	(3,911,952)
324	Police Services	(6,655,464)	(3,097)	-	(4,309,443)	77,043	307,886	-	(186,710)	(10,769,785)	6,039,115	(16,808,900)	-	(16,808,900)
325	Paramedic Services	(1,380,009)	(26,103)	-	-	5,403	21,351	-	-	(1,379,358)	-	(1,379,358)	-	(1,379,358)
326	Courts	(77,979)	(1,430)	-	-	1,422	4,755	-	-	(73,233)	-	(73,233)	-	(73,233)
327	Health Unit	(924,120)	(17,103)	-	-	10,905	46,402	-	-	(883,917)	-	(883,917)	-	(883,917)
Total		39,705,271	1,398,317	-	(18,735,987)	5,049,873	19,979,461	-	(735,905)	46,661,031	52,305,759	(5,644,728)	-	(5,644,728)

Total Obligatory Reserve Fund	53,951,408	1,704,487	10,411,754	(24,673,712)	5,049,873	19,979,461	761,312	(735,905)	65,687,366	63,196,039	2,491,327	-	2,491,327
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TOTAL Grand Total	247,450,454	6,547,803	76,041,351	(73,667,711)	24,679	19,979,461	761,372	(22,383,589)	252,144,418	148,232,167	103,912,250	-	103,912,250
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Guelph Police Services Board

PO Box 31038, Willow West Postal Outlet, Guelph, Ontario N1H 8K1

Telephone: (519) 824-1212 # 213 Fax: (519) 824-8360

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April 19, 2018

Mayor Cam Guthrie
Guelph City Hall
1 Carden Street
Guelph, ON N1H 3A1

Your Worship:

At its meeting on April 19, 2018, the Guelph Police Services Board was advised that there is an anticipated year end surplus in the Guelph Police Service 2017 operating budget. The Board passed the following motion:

THAT the Guelph Police Services Board forward a request to City Council that \$150,000 of the 2017 year-end surplus be transferred to a Police Operating and/or Capital Reserve.

-CARRIED-

The Guelph Police Services Board would respectfully request consideration of the aforementioned recommendation by Guelph City Council.

I look forward to hearing from you.

Sincerely,

A handwritten signature in cursive script that reads "J. Sorbara".

Judy Sorbara, Acting Chair

Copies: Tara Baker, General Manager/City Treasurer, City of Guelph
Jeffrey DeRuyter, Chief of Police