



## Regular Council Meeting

<b>To:</b>	Mayor and Council
<b>Date:</b>	November 4, 2024
<b>From:</b>	Kimberley Pope, Finance Department
<b>Report Number:</b>	Finance 2024-12
<b>Subject:</b>	2023 Reserves and Development Charge Reserve Funds

### Recommendations:

1. That Council receives and approves the 2023 Consolidated Financial Statements as prepared by Baker Tilly KDN LLP, and
2. That Council receives for information the audited 2023 Reserves & Development Charges Reserve Funds that balance to the audited Financial Statements.

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### Overview:

The Reserves of the Township of Cavan Monaghan assist in maintaining the townships financial strength, flexibility, cash flow management and provides the ability to achieve the municipal plans and priorities, as approved by Council.

The reserves maintain and improve working capital requirements, provide for future funding requirements and provide stabilization for fluctuation in operating and capital activities. The Director of Finance in accordance with municipal policies, studies and Public Sector Accounting Standards administers the reserves through the annual budget process and Council approval.

**Committed Reserves;** A reserve or reserve fund established by legislation, act, resolution and/or by-law that identifies reserves to be used for specific purposes. These reserve funds are not accessible for Council to use to fund other municipal activities.

**Designated Reserves;** A reserve or reserve fund established by municipal council, or a by-law of the municipality, for a specific purpose to set aside revenue to finance a future expenditure for which Council has the authority to spend money. Municipal councils may set up reserve funds for any purpose for which they have the authority to spend money.

**Obligatory Reserves;** A reserve fund created when government statute or agreement requires that revenue received for special purposes 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 or agreement. These reserve funds are not accessible for Council to use to fund other municipal activities.

During the 2023 fiscal year there was a net \$2.5 million dollar increase in Reserves & Reserve Funds, after 2022 Capital roll-overs, and a net \$3.9 million dollar decrease in Development Charges. The following summary highlights components which are itemized on the attached 2023 Summary of Use of Reserve and Reserve Funds.

#### **Reserves & Reserve Funds (+ \$2.5 million)**

- Committed Reserves (+ \$127k)
  - +\$193k net increase in value of the 2023 Capital projects ongoing at year end and transferring pre-committed funds into 2024,
  - \$153k net decrease in value of the operating expenditures ongoing at year end and use of building reserves transferring pre-committed funds into 2024,
  - +\$87k increase to Water & Wastewater Reserves as per the W&WW Rate Study (identifying current and future water and wastewater capital requirements, cost recovery, 10 year operating horizon, growth and development) and the W&WW User Fees and Charges Bylaw (establishing the five year rates, 2021-2025, to fund the cost of the water and wastewater systems).
- Designated Reserves (+ \$2.4 million)
  - +\$2.4M transfer to the Asset Replacement Reserve, -\$688k of Capital Reserve transfers and +\$1.7M of Operating Reserve transfers as per the 2023 Budget,
  - +\$50k transfer from annual Solar Loan repayment (principal and interest)
  - \$1M transfer from the Fire Hall Reserve towards the capital expenditures of the new Fire Hall,
  - +\$169k Parks & Facilities increase to reserves for CMCC splash pad, MLP playground equipment and future capital,
  - +\$65k increase to Planning Reserves for future budget,
  - \$296k transfer from the OLG Revenues towards the \$2.4M cost recovery for the CMCC Capital Build. Note: OLG revenues continue to remain dedicated and the CMCC Capital Build has a YE2023 remaining balance of \$1.2M.
- Obligatory Reserves (- \$11.9 thousand)
  - \$65.4k transfer from the Ontario Community Infrastructure Fund as per the approved 2023 Capital Budget,
  - +\$36.8k transfer from Canada Community Building Fund (formerly Federal Gas Tax) as received in 2023, as allocated to through the 2024 Capital Budget,
  - +\$16.7k transfer into Parkland Reserve as received in the 2023 fiscal year.

#### **Development Charges (- \$3.9 million)**

Development Charges are a major source of revenue for cost recovery that funds the infrastructure needed for Ontario's growing municipalities. In 2023 Cavan Monaghan collected \$147 thousand in development charges and invested \$4 million in capital expenditures. Therefore, the net deficit that occurred in the 2023 fiscal year of \$3.9

million is primarily due to the internal financing of the Public Works Operations Center and the shared Millbrook Depot with Parks & Facilities which are to be recovered through debentures and future development charges as growth continues.

Development charges are fees collected by the municipality, as per the Development Charges Act, for new development and redevelopment of land. Collecting development charges is a municipalities primary revenue tool for funding growth-related capital costs. This reduces the overall burden on the taxpayer and the municipal tax rate. The funds the municipality collects from development charges pays for part of the capital costs due to more people using municipal infrastructure. These are also known as 'growth-related capital costs'.

This reserve report totals the Reserves & Development Charge reserves, identifies the 2023 audited reserve additions and withdrawals and balances to the 2023 Audited Consolidated Financial Statements, Note 15, as provided by the municipal Auditors, Baker Tilly KDN LLP (formerly Collins Barrow Kawarthas LLP).

**Financial Impact:**

There is no financial impact of this report.

**Attachment:**

2023 Summary of Use of Reserve and Reserve Funds (Audited)

Respectfully Submitted by,

Reviewed by,

Kimberley Pope  
Director of Finance/Treasurer

Yvette Hurley  
Chief Administrative Officer

**The Township of Cavan Monaghan**  
**Summary of Use of Reserve and Reserve Funds**  
**2023 Year End Balance (Audited)**

		Audited	2023 Budget Estimates		Audited	
		31-Dec-22	Additions	Withdrawals	31-Dec-23	
<b>Reserves &amp; Reserve Funds</b>						
<b>Committed Reserves</b>						
<b>Committed Reserves</b>						
1907	Building Services Reserve (Building Code Act, 1992)	Building	\$793,886		(\$266,919)	\$526,967
1929	Capital Roll Over (Prior Year)	General	\$1,302,822	\$5,556,328	(\$5,362,936)	\$1,496,214
1930	Operating Roll Over (Prior Year)	General	\$498,232	\$609,501	(\$498,232)	\$609,501
1902	Springville & Ebenezer Cemetery Reserve	General	\$26,030			\$26,030
1913	Solar Disposal	General	\$24,000	\$2,500		\$26,500
1935	Fire Recovery Reserve	Fire	\$9,312			\$9,312
1938	Water Reserve (SWSSA, 2002)	Water	\$2,197,699	\$1,186,395	(\$1,242,756)	\$2,141,338
1939	Wastewater Reserve (SWSSA, 2002)	WW	\$1,961,431	\$807,564	(\$663,962)	\$2,105,033
1943	Parkland Reserve Fund (City of Peterborough)	ECD	\$42,875		\$0	\$42,875
<b>Total Committed Reserves</b>			<b>\$6,856,286</b>	<b>\$8,162,288</b>	<b>(\$8,034,805)</b>	<b>\$6,983,769</b>
<b>Designated Reserves</b>						
1900	<b>General Working Fund</b>	General	\$636,480	\$522,732	(\$570,402)	\$588,809
1951	Asset Replacement Reserve		\$15,152,693	\$5,609,813	(\$2,434,201)	\$18,328,305
	Less: Infrastructure Loan (Solar Units)	General	(\$67,050)	\$50,777		(\$16,273)
	Less: Loan (\$1M CMCC Community Fundraising)	General	(\$181,005)			(\$181,005)
	Net Asset Replacement Reserve	General	\$14,904,638			\$18,131,027
1950	Lottery Funds (OLG) Reserve					
	Less: OLG Revenues (T-PW-22-03 OpCntr )	General	(\$33,598)	\$330,078	(\$296,480)	\$0
	Less: CMCC Internal Loan (\$2.4M Construction T	General	(\$1,595,469)	\$296,480		(\$1,298,989)
	Net Lottery Funds Reserve	General	(\$1,629,067)			(\$1,298,989)
1906	Police Stabilization Reserve	General	\$42,093	\$16,240		\$58,333
1919	MMAH Service Delivery (2019 Grant)	General	\$106,132			\$106,132
1910	Election Reserve	General	\$25,169			\$25,169
1915	Municipal Council Grant Reserve	General	\$57,050			\$57,050
1926	Millbrook Valley Trails (Donation)	General	\$7,198			\$7,198
1927	Infrastructure & Technology (IT) Reserve	General	\$0	\$13,854		\$13,854
1941	Legal Reserve	General	\$27,735			\$27,735
1972	Corporate Strategic Plan	CAO	\$25,000			\$25,000
1949	Contingency Reserve	General	\$160,860			\$160,860
1973	Parks & Facilities Equipment	P&F	\$15,000	\$169,000		\$184,000
1975	Millbrook Mural Fund (tsf from bank acct 2023)	P&F	\$0	\$445		\$445
1952	Fire Hall (Infrastructure) Reserve	Fire	\$1,051,573		(\$1,051,573)	\$0
1921	Fire Dept HWY Funds	Fire	\$62,930			\$62,930
1931	Fire Ground Hours	Fire	\$11,204			\$11,204
1932	Fire Training Reserve (Special Rescue)	Fire	\$30,430	\$10,000	(\$5,247)	\$35,183
1933	Superior Tank Shuttle Res - Fire	Fire	\$20,385			\$20,385
1934	Emergency Equipment	Fire	\$1,465,699	\$605,568	(\$625,072)	\$1,446,195
1923	Official Plan	Planning	\$145,472			\$145,472
1924	Zoning By-law Update	Planning	\$51,347	\$50,000		\$101,347
1976	Heritage Conservation District Plan (Millbrook)	Planning	\$0	\$15,000		\$15,000
1936	Fill Mgmt (Site Alt By-Law)	Roads	\$26,026			\$26,026
1920	Millbrook Landfill	Roads	\$34,159		(\$8,200)	\$25,959
1970	Pits & Quarries	Roads	\$34,783			\$34,783
1937	Winter Control	Roads	\$11,271			\$11,271
1971	Public Works Equipment	Roads	\$250,000	\$808,000	(\$1,058,000)	\$0
1940	Source Water Protection	W&WW	\$20,219			\$20,219
<b>Total Designated Reserves</b>			<b>\$24,450,073</b>	<b>\$8,497,985</b>	<b>(\$6,049,175)</b>	<b>\$27,026,366</b>
<b>Obligatory Reserves</b>						
1974	Ontario Community Infrastructure Fund (OCIF)	Roads	\$545,886	\$446,220	(\$511,621)	\$480,484
1908	Canada Community Building Fund (FedGasTax)	Roads	\$421,580	\$304,215	(\$267,446)	\$458,348
1909	Parkland (Cash In Lieu) Reserve	ECD	\$335,125	\$16,713		\$351,838
<b>Total Obligatory Reserves</b>			<b>\$1,302,590</b>	<b>\$767,148</b>	<b>(\$779,067)</b>	<b>\$1,290,671</b>
<b>Total Reserves &amp; Reserve Funds</b>			<b>\$25,752,663</b>	<b>\$9,265,133</b>	<b>(\$6,828,243)</b>	<b>\$28,317,036</b>
<b>Development Charges</b>						
<b>Development Charges - Cavan Monaghan By-Law</b>						
1960	DCRF - Water Services	W&WW	\$258,515		(\$546,022)	(\$287,507)
1961	DCRF - Wastewater Services	W&WW	\$59,110		(\$394,341)	(\$335,230)
1962	DCRF - Stormwater Management Services	W&WW	\$5,537	\$134	\$0	\$5,671
1963	DCRF - Roads and Related	Roads	(\$212,029)	\$60,808	(\$2,272,725)	(\$2,423,946)
1964	DCRF - Fire Protection Services	Fire	\$550,446	\$23,416	(\$677,991)	(\$104,128)
1965	DCRF - Police Services	General	\$40,127	\$1,500	\$0	\$41,628
1966	DCRF - Library	Library	\$326,241	\$20,913	(\$5,000)	\$342,154
1967	DCRF - Parks Reserve Fund	ECD	(\$2,915,502)	\$36,113	(\$100,880)	(\$2,980,269)
1969	DCRF - Administration (Studies)	General	\$127,669	\$4,669	(\$53,333)	\$79,005
<b>Total Development Charges</b>			<b>(\$1,759,885)</b>	<b>\$147,553</b>	<b>(\$4,050,291)</b>	<b>(\$5,662,623)</b>
<b>TOTAL Reserves &amp; Development Charges</b>			<b>\$23,992,778</b>	<b>\$9,412,686</b>	<b>(\$10,878,534)</b>	<b>\$22,654,414</b>