



## THE CORPORATION OF THE TOWN OF AMHERSTBURG

### OFFICE OF CORPORATE SERVICES

**MISSION STATEMENT:** *Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.*

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**To: Mayor and Members of Town Council**

**Subject: 2022 Projected Reserve Balance Update**

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#### 1. **RECOMMENDATION:**

It is recommended that:

1. The report for the 2022 Projected Reserve Balances **BE RECEIVED**; and,
2. Council **APPROVE** the 2021 list of outstanding capital projects funded from the reserve as presented.

#### 2. **DISCUSSION:**

Attached is a listing of Capital Projects (Attachment A) that Council has approved and committed funding to from Reserve Accounts, and the outstanding balances have been factored into the attached Reserve Balance (Attachment B) as committed funds. Some of the projects are in varying stages of completeness. As these are the projects that have already received approved funding from reserves, these schedules are presented to provide a complete starting point from which to move forward as we work to enhance the Town's financial planning by moving toward a 5-year capital budget planning process. This listing has been reviewed by Senior Management to ensure the completeness of outstanding projects, prior to the start of 2022.

The attachment of the reserve schedule contains the reserve name and brief description, the opening year-end balance as per the 2021 audited financial statements, less outstanding capital projects approved but not completed and therefore not drawn down from the reserve funds, Projected 2022 Uncommitted Opening balance, plus 2022 Budgeted transfers in, plus 2021 year-end surplus proposed transfers, less 2022 Capital

Budget Approved, less 2022 In Year commitments (including proposed usage of 2021 year-end surpluses as presented).

The opening year-end reserve balances for 2021 for financial reporting purposes can only contain the values of what has been expended on a capital project, therefore if a capital project was not completed within the year the amount approved in the 2021 capital budget but not yet expended does not show as a drawdown to that reserve. The intent of the attached schedule is to provide council with an understanding of the balances in the reserves less amounts committed against those audited balances.

The Attachment provides a projected uncommitted Reserve Fund Balance to date.

As quoted from the Asset Management Plan presented.

Reserves play a critical role in long-term financial planning. The benefits of having reserves available for infrastructure planning include:

- a) the ability to stabilize tax rates when dealing with variable and sometimes uncontrollable factors
- b) financing one-time or short-term investments
- c) accumulating the funding for significant future infrastructure investments
- d) managing the use of debt
- e) normalizing infrastructure funding requirement

There is considerable debate in the municipal sector as to the appropriate level of reserves that a Town should have on hand. There is no clear guideline that has gained wide acceptance. Factors that municipalities should consider when determining their capital reserve requirements include:

- a) breadth of services provided
- b) age and condition of infrastructure
- c) use and level of debt
- d) economic conditions and outlook
- e) internal reserve and debt policies.

These reserves are available for use by applicable asset categories during the phase-in period to full funding. This coupled with Amherstburg's judicious use of debt in the past, allows the scenarios to assume that, if required, available reserves and debt capacity can be used for high-priority and emergency infrastructure investments in the short- to medium-term.

### **3. RISK ANALYSIS:**

Council understanding the project reserve balances with funds committed through Council Resolution, provides Council with a financial picture of their ability to fund projects with the use of reserves and to provide Administration with appropriate direction on project funding.

## **FINANCIAL MATTERS:**

The attached Reserve Schedule provides a snap shot, based on the year-end audited numbers, approved outstanding capital project commitments, 2022 capital project commitments and 2022 in-year council approved allocations.

### **5. CONSULTATIONS:**

Senior Leadership

### **6. CONCLUSION:**

It is recommended that Council approve the attached list as a complete list of outstanding capital items prior to 2022, and that it receives the projected reserve balances for information and planning purposes.



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Tracy Prince  
**Director of Corporate Service/CFO**

## Report Approval Details

Document Title:	2022 07 31 Reserve Balance Capital Projects.docx
Attachments:	- 2021 carry forward capital projects Attachment A.pdf - reserve details July 31 2022 Attachment B.pdf
Final Approval Date:	Aug 3, 2022

This report and all of its attachments were approved and signed as outlined below:

A handwritten signature in black ink, appearing to read "Valerie Critchley". The signature is fluid and cursive, with the first name "Valerie" and last name "Critchley" clearly distinguishable.

Valerie Critchley – CAO/Clerk