



The Corporation of the Municipality of Arran-Elderslie

Staff Report

Council Meeting Date: November 25, 2024

Subject: SRFIN.24.18 - Reserves

Report from: David Munro, Interim Treasurer

Appendices: Appendix A – Reserves

Recommendation

Be It Resolved that Council hereby,

1. Receives Report SRFIN.24.18 – Reserves and refers to it during the 2025 Budget process;
2. Directs staff to clean up Reserve accounts as follows:
 - a. Close the Bijou/Old Town Hall Reserve (01-0000-7215) in 2024 and take \$892 from the Working Capital Reserve (01-0000-7210)
 - b. Close the Cannabis Legalization Reserve (01-0000-7341) in 2024 and move \$15,000 to the 2024 By-law operating account 01-2044-5900 (Misc. Revenue)
 - c. Close the Cemeteries Reserve (01-0000-7342) in 2024 and move \$3,852 to the 2024 Cemetery operating account 01-4011-5900 (Misc. Revenue)
 - d. Close the MMAH Municipal Efficiency Reserve (01-0000-7213) in 2024 as the balance is now zero as this was a one-time grant.
 - e. Close the Grants Reserve (01-0000-7214) in 2024 and move \$25,151 to the Bridge Reserve account 01-0000-7264
 - f. Close the Paisley Landfill Reserve (01-0000-7280) in 2024 and move \$2,570 to the Arran Landfill Reserve account 01-0000-7281
 - g. Close the Community Well-Being Reserve account (03-0000-7240) in 2024 as the agreement has expired and the balance is now zero,

Report Summary

Several reserve accounts to be closed due to inactivity.

Appendix A – Reserves lists all the reserves. Note, reserves are shown as a negative amount. This appendix shows the history of the reserve amounts from

2022 along with what is planned in the 2025 Budget Draft 2. This report comments on each reserve.

Background

Most of the 2025 Capital budget projects are funded from Reserves. This report sets the stage for the 2025 budget and should be referred to throughout the budget process.

Analysis

Appendix A – Reserves is attached for your information. Below are comments on each Reserve.

Working Capital Reserve (01-0000-7210)

There has consistently been approximately \$3 million in this Reserve over the last few years. This Reserve is funded by the difference between revenues (taxes, grants, etc.) and operating expenses. Traditionally, this difference is then used to fund capital projects.

- Option A - to fund the new Paisley Fire Hall & Public Works building is to use \$2.5 million from the Working Capital Reserve bringing it down to \$467,206.
- Option B - to borrow the full amount required from Infrastructure Ontario and not touch the Working Capital Reserve.
- Option C - to use some of this Reserve (\$1.5 million) for the Fire Hall and borrow \$1 million. This option will bring the Working Capital Reserve down to \$1,467,206.

The 2025 Budget Draft 2 report contains more details and the recommendation of Option C.

Accumulated Sick Leave (01-0000-7311)

Staff recommend that this reserve be left as is.

Bijou/Old Town Hall Reserve (01-0000-7215)

This Reserve has a negative balance of \$892. Staff recommend that this Reserve be closed in 2024 and take the \$892 from the Working Capital Reserve.

Krug Memorial Park (01-0000-7255)

Staff recommend that this reserve be left as is.

Doctor Recruitment (01-0000-7340)

Staff recommend that \$30,000 be placed in this reserve from the 2025 budget to build up this reserve. Note that there is one physician agreement to receive \$20,000 as the last payment of their agreement (this \$20,000 will be funded by Working Capital).

Cannabis Legalization (01-0000-7341)

Staff recommend closing the Cannabis Legalization Reserve in 2024 and move \$15,000 from account 01-0000-7341 to the 2024 By-law operating account 01-2044-5900 (Misc. Revenue).

Cemeteries (01-0000-7342)

Staff recommend closing the Cemeteries Reserve in 2024 and move \$3,852 from account 01-0000-7342 to the 2024 Cemetery operating account 01-4011-5900 (Misc. Revenue).

Economic Development (01-0000-7370)

Staff recommend closing the Economic Development Reserve in 2025 and move \$32,912 to the Economic Development Operating department (01-7410) to help pay for the development of a new website.

Office Equipment (01-0000-7211)

In 2025 there are two capital projects, and the operating budget includes adding \$15,000 to this reserve.

Municipal Buildings (01-0000-7212)

Staff have been using this Reserve in 2023 and 2024

MMAH Municipal Efficiency (01-0000-7213)

Staff recommend closing the MMAH Municipal Efficiency Reserve in 2024 as the balance is now zero and this was a one-time grant.

Grants (01-0000-7214)

Staff recommend closing the Grants Reserve in 2024 and move \$25,151 from account 01-0000-7214 to the Bridge Reserve account 01-0000-7264.

Election (01-0000-7312)

Each year we add \$8,000 to this Reserve which will bring it to \$32,000 at the beginning of 2026 for the next Municipal election.

Employment Matters (01-0000-7313)

This reserve has been used in 2024 and will continue to be used in 2025, 2026, and 2027. We have enough for all current matters.

OPG (01-0000-7314)

Staff recommend that this reserve be left as is. Each year \$36,926 is transferred to Fire Common (01-2010-9230 (Operating)) and \$2,500 is transferred to Chesley Fire station (01-2012-9230 (Operating))

Protective Services- Fire (01-0000-7220)

Staff recommend using this reserve (\$90,133) for the new Paisley Fire Hall

Fire Station – Chesley (01-0000-7222)

In the past we have used this reserve for various Chesley fire capital purchases. Staff recommend that this reserve be left as is.

Fire Station – Chesley – Bell Mobility (01-0000-7223)

Every year, the rent for the land where the Bell Mobility tower is located is put into this account. It has not been used very often in the past, but we do have \$10,500 in 2025 Capital projects planned. Reminder, the Municipality has an agreement with Chatsworth as we cover a portion of their territory. Staff recommend that this reserve be left as is. An option is to use some of this money for the new Paisley Fire Hall.

Fire Station - Paisley (01-0000-7224)

Staff recommend using this reserve (\$355,117) for the new Paisley Fire Hall

Fire Station – Paisley – Bell Mobility (01-0000-7225)

Staff recommend using this reserve (\$103,040) for the new Paisley Fire Hall

Fire Station – Tara (01-0000-7226)

In the past this reserve has been used for various Tara fire capital purchases. Staff recommend that this reserve be left as is.

Fire Station – Tara – Bell Mobility (01-0000-7227)

Every year, the rent for the land where the Bell Mobility tower is located is put into this account. It has been used infrequently in the past, but there is \$43,800 in Planned 2025

Capital projects. Staff recommend that this reserve be left as is. An option is to use some of this money for the new Paisley Fire Hall.

Fire Station – Chesley/Chatsworth (01-0000-7228)

Staff recommend that this reserve be left as is.

Winter Control (01-0000-7263)

Staff recommend that this reserve be left as.

Bridges (01-0000-7264)

Staff recommend continuing to find ways to increase this reserve.

Roads Equipment (01-0000-7265)

This was used in 2024 and has a zero balance.

Roads General (01-0000-7266)

This was used in 2023 and has a zero balance

Sanitary Sewers (01-0000-7231)

This reserve is funded by the difference between user fees collected and operational expenses. It is used to fund 2025 operating and capital projects. This reserve is for future large maintenance/replacement projects.

Water (01-0000-7232)

This reserve is funded by the difference between user fees collected and operational expenses. We then use it to fund 2025 operating and capital projects. In 2025, the reserve will grow. This reserve is for future large maintenance/replacement projects.

AE Water/Sewer (01-0000-7233)

This reserve has not changed in years. Further research will be conducted to consider if it should be closed and move the money to 01-0000-7232 (Water).

Stormwater (01-0000-7234)

This was used in 2024 and has a zero balance

Landfill – Paisley (01-0000-7280)

Staff recommend closing this reserve and move the money to 01-0000-7281 (Landfill – Arran)

Landfill – Arran (01-0000-7281)

This was used in 2024 and has a zero balance. It was used to help fund the new Landfill building and weigh scales capital project.

Paisley Clinic (01-0000-7241)

Staff recommend leaving this reserve as is.

Chesley Clinic (01-0000-7242)

Staff recommend leaving this reserve as is.

Recreation (01-0000-7250)

This was used in 2023 and has a zero balance.

Palace (01-0000-7252)

Staff recommend leaving this reserve as is.

Arena/Community Centres (01-0000-7254)

Staff recommend leaving this reserve as is for future unexpected urgent repairs/maintenance.

Chesley Trailer Park (01-0000-7257)

Staff recommend leaving this reserve as is.

Planning & Ec Dev (Land Sales) (01-0000-7270)

Staff recommend that this reserve (\$712,801) be used for the new Paisley Fire Hall.

Building Code (01-0000-7307)

The Building Inspection Operating budget has to be zero so in 2025, the surplus is added to the reserve. We have used some of the reserve in 2024 and will use some in 2025.

Fire Station – Paisley – Hose Tower (01-0000-7229)

Staff recommend leaving this reserve as is.

Paisley Museum (01-0000-7251)

Staff recommend leaving this reserve as is.

Gravel Pit (01-0000-7291)

This reserve is in place for the rehabilitation of the gravel pit as per the site plan and the *Aggregate Resources Act*. Staff recommend leaving this reserve as is.

Paisley Parks (03-0000-7258)

Staff recommend leaving this reserve as is.

Community Well-Being (03-0000-7240)

Staff recommend closing the Community Well-Being Reserve account (03-0000-7240) in 2024 as the agreement has expired and the balance is now zero.

Paisley Museum (03-0000-7251)

Staff recommend leaving this reserve as is.

LACAC – Equity (03-0000-7292)

Staff recommend leaving this reserve as is.

Link to Strategic/Master Plan

6.4 Leading Financial Management

Financial Impacts/Source of Funding/Link to Procurement Policy

Appendix A – Reserves lists all reserves. Note, reserves are shown as a negative amount. This Appendix shows the history of the Reserve amounts from 2022 along with what is planned in the 2025 Budget Draft 2.

Approved by: Emily Dance, Chief Administrative Officer