

<i>POLICY</i>		FIN-RES-770	
Reserve Fund Policy		Category FIN - Finance	Sub-category RES - Reserve
Approval Type COUNCIL	Department/Division Financial Services	Author and Position Jonathan Lautenbach, Chief Financial Officer	
Date Approved June 11, 2012	Review Date Click here to enter a date.	Last Amended June 16, 2016	

Related Policies or Procedures

- N/A

Policy Purpose

It is the policy of the City of Kitchener (the City) to establish and manage reserve funds for planned future capital expenditures, unexpected or unpredicted events or extraordinary expenditures, which would otherwise cause fluctuations in the operating or capital budgets. A reserve fund will only be used for the specific or intended purpose for which it was established.

Reserve funds form a critical component of the longer-term financial planning and funding strategies for the City and support sound financial and cash management for the ongoing financial stability of the Corporation. A clear policy provides the appropriate guidance for responsible stewardship and management of reserve funds. This policy should be considered in conjunction with investment and capital financing and debt, and budget control policies.

Definitions

Reserve Fund – means a fund with assets which are segregated and restricted to meet the purpose of the reserve fund. There are two types of reserve funds: obligatory reserve funds and discretionary reserve funds. funds that have been set aside by Council for a specific purpose (discretionary) or as required by legislation (obligatory)

Reserve Fund Types:

Discretionary Reserve Fund – means a reserve fund created under Section 290 of the Municipal Act, at the discretion of Council, to finance future expenditures of a purpose designated by Council for which it has the authority to spend money, and to set aside a certain portion of any year's revenues so that the funds are available as required. Discretionary reserve funds are established through a by-law of Council. a reserve fund created under Section 290 of the Municipal Act, at the discretion of Council, to finance future expenditures of a purpose designated by Council

Obligatory Reserve Fund – means a reserve fund created when a provincial statute 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. a reserve fund that is required by legislation or agreement to be segregated from the general revenue of the municipality

Reserve Fund Classifications:

Capital Reserve Funds – means reserve funds used to assist in financing the capital program. They provide flexibility and liquidity as well as enhance the City's capacity to address current and future capital infrastructure and asset replacement needs.

Corporate Reserve Funds – means reserve funds available for corporate programs to protect the City against the consequences of certain risks and liabilities.

Program Specific Reserve Funds – means reserve funds set aside for specific purposes to be used for their identified purpose.

Stabilization Reserve Funds – means reserve funds used to provide a contingency for unforeseen or extraordinary events and stabilize fluctuations caused by one-time expenditures or revenue shortfalls. They are also used to maintain the City's cash flow and minimize the need for short term borrowing. They are not intended to be an ongoing funding source for the operating budget.

Development Charge Reserve Funds – means reserve funds used to pay for growth related net capital costs of servicing new development. The City's Development Charges by-law imposes development charges on new development in the City.

Obligatory Reserve Funds – reserve funds segregated as required by legislation or agreement and to be used solely for the purpose prescribed for them by legislation or agreement.

Policy Scope

The Reserve Fund Policy applies to all departments of the Corporation of the City of Kitchener.

Application

- ☒ Employees (All)
- ☐ Unions Choose an item.
- ☒ Council
- ☐ Specified Positions
- ☐ Other Choose an item.

Policy Content

Authority

Under section 417(1) of the Municipal Act, municipalities have the authority to provide for Reserve Funds in annual budgets for any purpose for which it has the authority to spend money.

Responsibilities

Council

Under section 224(e) of the Municipal Act 2001, Council is responsible “to maintain the financial integrity of the municipality.” Unforeseen events or extraordinary expenditures can have significant financial implications if reserve funds are not managed properly. Council is required to make decisions that adhere to the financial policies and procedures that have been put in place to provide financial governance for the municipality.

Chief Administrative Officer (CAO)

Under section 229(a) of the Municipal Act 2001, the Chief Administrative Officer is responsible for “exercising general control and management of the affairs of the municipality for the purpose of ensuring the efficient and effective operation of the municipality.” This includes providing strategic advice to Council regarding creation of, use of, and funding of reserve funds and ensuring that processes are in place that support the effective administration of reserve funds.

Chief Financial Officer (CFO) / Treasurer

Under section 286(1) of the Municipal Act 2001, the Treasurer is responsible for “handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council.” For the purpose of this policy this includes:

- monitoring existing reserve fund levels and the impacts of transfers to and from the reserve funds within the annual operating and capital budgets
- advising Council accordingly of any concerns related to overall reserve fund levels
- promoting the appropriate use of reserve funds as a potential funding option as identified through the budget process and as applicable throughout the year

Policy/Guidelines

1. The general guiding principles with respect to reserve fund management are:

- to ensure all City reserve funds are supported by a financial plan identifying contribution sources and projected disbursements required to meet planned future obligations to be funded by the reserve funds;
- to ensure that all disbursements from reserve funds relate only to the intended use of the fund and have Council approval;
- to ensure that reserve funds do not enter into a negative position at any point, and;
- to ensure the sustainability of the City's programs and infrastructure by providing annual contributions from the operating budget for the maintenance of reserve funds at target levels.

For the purpose of this policy and reserve fund management, the City will categorize all funds as reserve funds under the following classification:

- Capital Reserve Funds
- Stabilization Reserve Funds
- Program Specific Reserve Funds
- Corporate Reserve Funds
- Development Charge Reserve Funds

Objectives

The guiding principles for reserve funds are listed below and ordered in priority. The order of the priorities will be considered in managing the City's reserve funds.

- a) To adhere to statutory requirements;
- b) To protect against known risks and unforeseen events;
- c) To promote financial stability and flexibility;
- d) To provide for life cycle replacement of capital assets;
- e) To meet specific liabilities;

- f) To smooth out expenditures which would otherwise cause fluctuations in operating or capital budgets;
- g) To provide for planned future expenditures;
- h) To provide a source of internal financing; and
- i) To promote intergenerational equity

2. Creation

All proposals to establish a new reserve fund, whether for capital or operating purposes, will be in the form of a report approved by the CFO/Treasurer and forwarded to Council for approval, including the following elements:

- Name of the fund
- Intended purpose of the fund
- Classification
- Funding Source(s)
- Intended use or allocation of funds
- Minimum and maximum target balances to be maintained
- Rationale for minimum and maximum target balances
- Allocation of excess funding
- Reporting requirements
- Allocation of interest
- Expiry date for the fund, if applicable
- Review cycle for the fund

For a reserve fund that is time limited, the report shall also include a request for pre-approval to wind up the reserve fund upon the expiry date.

Any reserve fund that is created is to be added to Schedule A of this policy.

3. Amending or Closing

Amendments may be undertaken as a response to the periodic review process or proactively by the originating City department. The process for amending or closing for any purpose should follow the same process as approving a new reserve fund. Any change to the purpose for which a reserve fund is designated must be permitted by provincial statute legislation and approved by Council. Before creating a new reserve fund, the option of adding an incremental contribution to an existing reserve fund of a like nature will be considered. Reserve funds for different purposes shall be separate, but each may include a group of services in the same category.

Any amendment or closure of a reserve fund should be reflected in Schedule A of this policy.

4. Oversight

- a. The CFO/ City Treasurer will be responsible for monitoring the status of reserve funds, for determining the appropriate source of financing for the City's programs and capital works, and for making recommendations to Council on the use of reserve funds.
- b. Reserve funds will be managed in accordance with the purpose and any or all conditions and/or restrictions placed upon the reserve fund by Council. Each reserve fund will be reviewed on a periodic basis to ensure the current target levels are appropriate and to rationalize a continued need for the reserve fund.
- c. The annual budget will set out the estimated portion of revenues considered necessary to be paid into City reserve funds. Money in a reserve fund will be spent only for the stated purpose of the reserve fund.
- d. Reserve funds will not be allowed to enter into should not be in a negative position at any point with the exception of DC reserve funds. A funding strategy will be put in place for any reserve fund in a negative position to ensure that it returns to a positive balance in an appropriate timeframe.

5. Authorization for Transfers and Utilization of Funds

- a. Transfers will be made to or from reserve funds as prescribed by applicable provincial statute legislation or as approved by by-law and this policy, including but not limited to the Development Charges By law and the annual budget by law.
- b. Transfers from operating budgets to reserve funds, and transfers from reserve funds to capital or operating, will be completed based on Council approval.
- c. Utilization of funds from a reserve fund must be identified in an approved annual budget, or a separate report submitted to Council for approval outside the normal annual budget process, or in accordance with the limits included in the City's Budget Control policy.
- d. The Chief Administrative Officer, under Chapter 115 of the Municipal Code has the authority to approve any one-time use of funds or contributions under \$50,000 that are not included in the authorizing documents.

6. Interest Allocation

Reserve funds must be invested in accordance with the City's approved investment policy. Earnings from the combined cash and investment portfolio will be credited to each separate fund in proportion to the amount invested from it.

7. Inter-Reserve Fund Borrowing

Temporary inter-fund borrowing to cover a reserve fund shortfall is permitted and encouraged to avoid external debt charges. However, borrowing from a reserve fund may occur only when an analysis of the reserve fund has determined that excess funds are available and that the use of these funds will not adversely affect the intended purpose of the reserve fund.

8. Internal Borrowing From Reserves

Borrowing from reserves for the purpose of addressing capital financing needs is permitted under the following conditions:

- A reserve providing funding will not be adversely affected as result of providing funding for a purpose other than what it was originally intended
- The reserve should have a balance that is above its mid-level target
- The amount borrowed will be repaid with interest over a term not to exceed 5 years
- Interest to be repaid will reflect annual interest that the reserve would have earned if the funding hadn't been provided
- Funding provided under this scenario will be transferred to the Internal Borrowing Reserve Fund to support better tracking and transparency

9. Reserve Fund External Debt

The City does not issue external debt financed through reserve funds.

10. Reporting

Reserve fund balances, projected contributions, planned withdrawals and target levels will be reported to Council on an annual basis. Any additional reporting requirements for obligatory reserve funds will be reported according to the applicable legislation.

11. Target Reserve Fund Levels

A summary listing of reserve funds and target levels are included in Schedule A.

~~The adequacy of an individual reserve fund will be determined on a case-by-case basis using an estimate of the timing and magnitude of the costs to be incurred and a projection of expected contributions and interest earned. Updated~~

forecasts of reserve fund balances, including minimum and maximum target levels, will be prepared annually to assist with the evaluation.

A review of reserve fund levels will be evaluated annually to determine:

- a. The adequacy of each individual reserve fund taking into consideration:
 - The purpose for which the reserve fund has been established and whether the balance is sufficient to achieve that purpose
 - Any anticipated forecasted expenditures or commitments that could impact the overall balance within the next 5 years
 - The minimum and maximum target levels and whether they have been achieved

In addition to reviewing the target levels of individual reserve funds, the consolidated balance of all reserve funds will also be evaluated by comparing the aggregate minimum and maximum target levels to municipal benchmarks, provincial guidelines and credit rating agency standards.

- b. The adequacy of the consolidated balance of all reserve funds considering:
 - The aggregate minimum and maximum target levels compared to municipal benchmarks, provincial guidelines and credit rating agency standards

12. Specific Policies

- a. When revenues exceed expenses for a fiscal year leading to an annual surplus in the tax-supported operations, the Gas Utility (Delivery), the Water Utility, the Golf Enterprise, the Parking Enterprise, the Sanitary Sewer Utility, and the Stormwater Utility, the surplus will be contributed to reserve funds as follows:
 - i. 100% of the surplus will be contributed to the corresponding stabilization reserve fund, up to its minimum funding target.
 - ii. Once the minimum funding target has been met, 50% of the surplus will be contributed to the corresponding stabilization reserve fund up to its maximum funding target, and the remaining 50% will be contributed to the corresponding capital reserve fund.
 - iii. Any funds in excess of the maximum funding target for the stabilization reserve funds will be transferred to the corresponding capital reserve fund.

Results of Review

- ☐ No Edits Required
- ☐ Housekeeping Edits
- ☒ Substantial Edits
- ☐ Repeal/Replace

Policy History*Administrative and Housekeeping Changes*

Date	Nature of Change
2016-06-01	I-770 policy template re-formatted to new numbering system and given number FIN-RES-770.

Substantial Changes

Date	Council/CLT Directive

Name	Purpose	Funding Sources (Revenue)	Funding Uses (Expenditure)	Funding Target
Stabilization Reserve Funds				
Operating Stabilization Reserve Funds				
Tax Stabilization	Provide funding to stabilize impact of year-to-year tax rate changes	Transfers from tax supported operations for previous year's operating surpluses	Transfers to tax supported operations for non-recurring expenditures and for previous year's operating deficits	5-15% of previous year's tax revenues based on best practices per Government Finance Officers Association. Once upper end of the target has been reached, transfer to Tax Capital Reserve Fund (if also at max, transfer to tax-based reserve funds w/ largest deficiencies)
Investment Stabilization	Provide funding to mitigate risk and uncertainty related to changes in interest rates and market conditions	Transfers from operating budget for investment income surpluses (i.e. actuals > budget)	Transfers to operating budget for investment income deficits (i.e. actuals < budget)	Maximum funding target of \$2.5M, representing approximately 50% of previous year's investment income budget, to allow for volatility in markets and funding available to stabilize investment income in the budget. Once upper end of the target has been reached, the surplus from investment income will be transferred to the Tax Stabilization reserve fund in accordance with its terms.
Weather Events	Provide funding to stabilize financial impact of extreme weather conditions	Transfers of surpluses from Winter Control operating budget and other budgeted transfers	Transfers to operating budget for any weather related deficits, including both summer & winter operations	25-50% of the five-year historical average annual of winter maintenance expenses. Any funds in excess of the ceiling will be allocated to the tax stabilization reserve fund.
Enterprise Stabilization Reserve Funds				
Gas Utility (Delivery) Stabilization	Provide funding for Gas Utility (Delivery) in the event of a shortfall in their operating budget	Transfers from Gas Utility (Delivery) for previous year's operating surpluses	Transfers to Gas Utility (Delivery) operations for previous year's operating deficits	10-15% of the Gas Utility (Delivery) annual revenues
Gas Utility (Supply) Stabilization	Provide funding for Gas Utility (Supply) in the event of a shortfall in their operating budget	Transfers from Gas Utility (Supply) for previous year's operating surpluses	Transfers to Gas Utility (Supply) operations for previous year's operating deficits	10-15% of the Gas Utility (Supply) annual revenues
Water Utility Stabilization	Provide funding for Water Utility in the event of a shortfall in their operating budget	Transfers from Water Utility for previous year's operating surpluses	Transfers to Water Utility operations for previous year's operating deficits	10-15% of the Water Utility annual revenues

Schedule A

Attachment A

Name	Purpose	Funding Sources (Revenue)	Funding Uses (Expenditure)	Funding Target
Golf Enterprise Stabilization	Provide funding for Golf Enterprise in the event of a shortfall in their operating budget	Transfers from Golf Enterprise for previous year's operating surpluses	Transfers to Golf Enterprise operations for previous year's operating deficits	10-15% of the Golf Enterprise annual revenues
Parking Enterprise Stabilization	Provide funding for Parking Enterprise in the event of a shortfall in their operating budget	Transfers from Parking Enterprise for previous year's operating surpluses	Transfers to Parking Enterprise operations for previous year's operating deficits	10-15% of the Parking Enterprise annual revenues
Sanitary Sewer Utility (SSU) Stabilization	Provide funding for SSU in the event of a shortfall in their operating budget	Transfers from SSU for previous year's operating surpluses	Transfers to SSU operations for previous year's operating deficits	10-15% of the Sanitary Sewer Utility annual revenues
Stormwater Utility Stabilization	Provide funding for Stormwater Utility in the event of a shortfall in their operating budget	Transfers from Stormwater Utility for previous year's operating surpluses	Transfers to Stormwater Utility operations for previous year's operating deficits	10-15% of the Stormwater Utility annual revenues
Corporate Reserve Funds				
Mediation	Provide funding for development mediation	Transfers from operating budget (portion of planning & development application fees)	Transfers to operating budget for planning & development dispute resolution costs	Minimum target balance of 1 year of projected expenditures based on 5-yr average annual spend. Maximum target balance up to 5x for higher than anticipated dispute resolution costs.
Learning & Development	Provide funding for staff learning and development	Transfers from operating budget	Expenditures for staff training programs, management development courses, and training equipment	Minimum target balance of 1 year of projected expenditures based on 5-yr average annual spend. Maximum target balance up to 1.5x for unexpected costs.
Arbitration	Provide funding for labour arbitration legal fees	Transfers from operating budget (annual budget net of actual expenditures for labour arbitration)	Transfers to operating budget (annual budget net of actual expenditures for labour arbitration)	Minimum target balance of 1 year of labour arbitration. Maximum target balance up to 1.5x for unexpected costs.
Workplace Safety & Insurance Board (WSIB)	Provide funding for WSIB claims and related costs (the City is a Schedule 2 organization i.e. self-insured).	Transfers from operating budget (fringe benefit charges)	Expenditures for WSIB insurance claims, WSIB administrative expenses, and claims management	100%-150% of actuarial liability to provide additional funding to cover unusually high claims.
Sick Leave	Provide funding for accumulated sick leave benefit liability and extended absences of current employees	Transfers from operating budget (fringe benefit charges)	Payments to eligible employees upon retirement, termination or death and costs of extended sick leave	50%-75% of actuarial liability to provide additional funding to cover unexpected early retirements

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Name	Purpose	Funding Sources (Revenue)	Funding Uses (Expenditure)	Funding Target
Insurance	Provide funding for insurance premiums, claim deductibles and self-insurance costs	Contributions from Tax, Utility and Enterprise operations and from non-city organizations (e.g. Library)	Premium payments, insurance claims, and other related insurance costs	Minimum target balance of 1 year of projected expenditures based on 5-yr average annual spend. Maximum target balance up to 1.5x for unanticipated increase in claims.
Program Specific Reserve Funds				
Activa Group Sportsplex	Provide capital funding for Activa Group Sportsplex (AGS)	Sale of naming rights and contributions from Places to Play campaign in excess of \$2,000,000	Transfers to capital budget for approved AGS projects and contributions to Places to Play campaign if under \$2,000,000	Maximum funding target of up to \$500,000, representing the total amount committed to purchase naming rights. Reserve fund concludes once all committed funds have been received and spent.
Energy Retrofit	Provides funding for projects that result in energy savings (including water and waste)	One-time contribution when reserve was created, additional contributions approved by Council, energy savings up to initial investment in projects	Transfers to capital for stand-alone projects and to pay marginal costs of efficiency improvements within larger capital projects	Maximum funding target based on one-time contributions made to the reserve fund. Energy savings in excess of initial investment should accrue to the appropriate divisional budget.
Public Art	Provide funding for public art	Donations from individuals & corporations	Acquisition of art including sculptures, paintings, photography; expenditures for facilities for artistic and cultural activities; artist in residence program.	Maximum funding target based on projected balance of reserve fund, as no additional funding anticipated
Economic Development (Ec Dev)	Provide funding to support Kitchener economic development strategy	Transfers from EDIF & Ec Dev capital projects as a result of capital close outs, proceeds from sale of downtown lands, repayment of applicable façade & downtown improvement loans	Transfers to capital for Ec Dev projects, costs related to purchase of downtown lands, costs related to replacement of surface parking capacity when downtown lands are sold	Maximum funding target of \$10,000,000 (allows for economic development capital purchases of a significant nature)
Economic Development Investment Fund (EDIF) 2.0	Provide funding to support Make it Kitchener 20 strategy	Proceeds from strategic sale of lands, issuance of debt (using 40% of debt room from EDIF 1.0), one-time transfer from Economic Development Reserve Fund, revenues from Bramm St & Upper Bramm St parking	Transfers to capital for projects related to themes of Make It Kitchener 2.0 (i.e. Resilience, Catalytic Investment, Talent Attraction, Vibrant City, Future Planning, Enabling Difference Makers)	Maximum funding target of \$10,000,000 (allows for economic development capital purchases of a significant nature)

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Name	Purpose	Funding Sources (Revenue)	Funding Uses (Expenditure)	Funding Target
Municipal Accommodation Tax	Provide funding to support and enhance tourism within the City	Portion of Municipal Accommodation Tax collected by Waterloo Region Tourism Marketing Corporation allocated to the City (40% less an administrative fee)	Expenditures incurred to enhance and support tourism, sport and cultural offerings, as well as major event attraction efforts	Maximum funding target of \$1,900,000 (approximates 5 year of revenue, which allows balance to accumulate for high-ticket items)
Affordable Housing	Provide funding to support affordable housing development	One-time contribution when reserve was created and annual contributions approved by Council	Grants to qualifying properties in the amount of City's portion of development charges	Remain in a positive funded position.
Election	Provide funding for cost of municipal election every four years	Transfers from operating budget	Transfers to operating budget for election related costs	Maximum funding target based on highest projected costs for next 2 elections
Oktoberfest	Provide funding for cost of Oktoberfest float	Transfers from operating budget	Transfers to operating budget for float maintenance & replacement costs	Minimum target balance of \$15,000 (based on projected annual maintenance costs) Maximum target balance of \$50,000 (allows for float replacement costs)
Capital Reserve Funds				
Tax Capital	Provide funding for tax supported capital projects and for Federal and Provincial grant programs that require the City to match their funding	Transfers from tax supported capital projects as a result of capital close outs	Transfers to tax supported capital projects for deficits/funding shortfalls	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x.
Development Charges (DC) Recovery	Reserve fund transparently tracks specific DC recoveries of identified excess capacity that had been originally funded from City sources and is now used to support growth	Transfers from DC as calculated in the DC background study (these arise as some "oversized" projects could have been funded through DC, but were funded by City sources, so costs are being recovered)	Transfers to non-growth capital projects directly related to the DC service area for which the recovery is generated (1st priority) and other non-growth capital projects (2nd priority)	Maximum funding target of \$5,000,000
Facility Infrastructure	Provide funding for Facilities Management State of Good Repair (SOGR) program to address Facilities Infrastructure deficit	Transfer from 60% of debt room from original Economic Development Investment Fund (EDIF)	Transfers to Facilities Management capital projects for deficits/funding shortfalls	None. Remain in a positive funded position; funding may need to be built up over many years for significant projects.

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Name	Purpose	Funding Sources (Revenue)	Funding Uses (Expenditure)	Funding Target
Auditorium Ticket Sales	Provide capital expenditure funding for the existing Kitchener Memorial Auditorium Complex (KMAC) facility	Capital reserve fund (CRF) fees included in ticket sales and transfers from KMAC capital projects as a result of capital close outs	Transfers to capital for KMAC projects, transfers to operating (up to 25% of annual CRF revenue can be allocated to KMAC operations)	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x.
Land Inventory	Provide funding for strategic property purchases	Proceeds from sale of city-owned lands except for parkland, industrial land, and other land allocated to specific projects (e.g. fire stations)	Costs related to strategic land purchases and land acquisition strategy	Maximum funding target of \$5,000,000 (provides funding for future land purchase(s) of a significant nature)
Business Parks	Provide funding for business park capital projects	Proceeds from sale of business park lands	Costs related to purchase and sale of business park lands	Maximum funding target of \$5,000,000 (provides funding for future business park land purchase(s) of a significant nature)
Technology Infrastructure	Provide funding for purchase of computer and telephone hardware	Monthly computer & telephone usage charges, transfers from capital projects as a result of capital close outs	Computer & telephone hardware purchases and telephone system operating costs	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Hydro Investment	Provide funding for tax supported capital projects (via Capital Pool) and tax supported operating budget	Revenues from City's investment in Enova Energy Corporation (previously Kitchener Power Corporation)	Transfers to Capital Pool and transfers to operating budget	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Equipment	Provide funding for purchase of vehicles and fleet equipment	Monthly vehicle & equipment charges, transfers from capital budget	Vehicle & equipment purchases	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Gas Utility Investment	Provide funding for tax supported capital projects (via Capital Pool)	Transfers from Gas Utility	Transfers to Capital Pool	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x.

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Name	Purpose	Funding Sources (Revenue)	Funding Uses (Expenditure)	Funding Target
Gas Utility (Delivery) Capital	Provide funding for Gas Utility capital projects	Transfers from Gas Utility capital projects as a result of capital close outs	Transfers to Gas Utility capital projects for deficits/funding shortfalls	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Water Utility Capital	Provide funding for Water Utility capital projects	Transfers from Water Utility capital projects as a result of capital close outs	Transfers to Water Utility capital projects for deficits/funding shortfalls	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Golf Enterprise Capital	Provide funding for Golf Enterprise capital projects	Transfers from Golf Enterprise capital projects as a result of capital close outs	Transfers to Golf Enterprise capital projects for deficits/funding shortfalls	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Parking Enterprise Capital	Provide funding for Parking Enterprise capital projects	Transfers from Parking Enterprise capital projects as a result of capital close outs	Transfers to Parking Enterprise capital projects for deficits/funding shortfalls	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Sanitary Sewer Utility Capital	Provide funding for Sanitary Sewer Utility capital projects	Transfers from Sanitary Sewer Utility capital projects as a result of capital close outs	Transfers to Sanitary Sewer Utility capital projects for deficits/funding shortfalls	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x
Stormwater Utility Capital	Provide funding for Stormwater Utility capital projects	Transfers from Stormwater Utility capital projects as a result of capital close outs	Transfers to Stormwater Utility capital projects for deficits/funding shortfalls	Minimum target balance of .5x avg annual value of approved expenditures in 10 yr capital forecast. Maximum target balance of up to 1.5x

Name	Purpose	Funding Sources (Revenue)	Funding Uses (Expenditure)	Funding Target
Obligatory Reserve Funds				
Canada Community-Building Fund (CCBF)	Provide funding for capital projects that meet "eligible projects" and "eligible costs" criteria as outlined in Municipal Funding Agreement	Funding allocations from Federal Government for share of CCBF and transfers from CCBF funded capital projects as a result of capital close outs	Transfers to eligible capital projects for eligible costs as outlined in Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds	Maximum funding target of 50% of annual funding allocation from Federal Government for share of CCBF
Development Charges (DC)	Provide funding for growth related capital costs of servicing new developments	Development charges and transfers from capital projects as a result of capital closeouts	Transfers to capital for servicing new development projects	Maximum funding target based on projected net capital costs as determined in DC study
Recreational Land	Provide funding for development, redevelopment, and purchase of parklands	Contributions from developers and sale of parklands	Expenditures related to development / redevelopment and purchase of parklands	Maximum funding target of \$5,000,000
Building Enterprise	Provide funding for Building Enterprise to stabilize building permit fee revenues	Transfers from Building Enterprise for previous year's operating surpluses	Transfers to Building Enterprise operations for deficits/funding shortfalls or reduction of fees	Minimum target balance of 1 year of projected expenditures. Maximum target balance up to 1.5x.