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Reserve and Reserve Fund Policy

Contents

Contents 1
Purpose 2
Objectives 2
Scope 2
Definitions 2
Roles & Responsibilities 3
Procedure 5
- Establishment of Reserves and Reserve Funds 5
- Approval 6
- Investment of Reserves and Reserve Funds 6
- Contributions to/withdrawals from Reserves and Reserve Funds 7
- Timing of Contributions to and Transfers from Reserve and Reserve Funds 7
- Closing Reserves and Reserve Funds 7
- Allocation of Operating Surplus/Deficit 8
- Interest Allocation 8
- Targets 8
- Borrowing 9
- Annual Reporting 9

Policy Review 10
Classification/Categories and List of Reserves and Reserve Funds 10
- Schedule A: Classification and Categories of Reserves 10
- Schedule B: Listing of Reserves 11
- Schedule C: Listing of the Municipality Reserve Funds 12

Reserve Funds: Obligatory 12
Reserve Funds: Discretionary..... 16

Purpose

The purpose of this policy is to establish consistent principles, standards and guidelines for the maintenance, management and accounting of reserves and reserve funds.

Objectives

The primary objectives for reserves and reserve funds are:

1) To adhere to statutory requirements;

2) To promote financial stability and flexibility;

3) To provide for major capital expenditures;

4) To smooth expenditures which would otherwise cause fluctuations in the operating budget; and

5) To take advantage of financial opportunities that may arise.

This policy establishes the objectives for reserves and reserve funds, standard of care, as well as delineating the responsibilities for their management and administration.

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.

Scope

The Reserves and Reserve Funds Policy applies to all reserves and reserve funds established by the Municipality of Middlesex Centre.

Definitions

1) **"Deferred Revenue"** means revenue that is considered a liability on the Municipality's financial statements until, over time, it becomes relevant to current operations, such as prepayment received for something that has not yet been provided. Deferred revenue is set aside in an obligatory reserve fund for a specific purpose by legislation,

regulation, or agreement. Development charges and federal gasoline tax are examples of deferred revenue.

2) **"Discretionary Reserve Fund"** means reserve funds created at the discretion of Council whenever revenues are earmarked to finance future expenditures of a purpose designated by Council. Revenues set aside for acquisition of fixed assets is an example of discretionary reserve funds.

3) **"Obligatory Reserve Fund"** means reserve funds that are required by legislation or agreement to be segregated from the Municipality's general revenues for a special purpose or for works to be undertaken on behalf of the contributors. These funds are classified in the financial statements as "Deferred Revenue." Development Charges and Cash-Lieu-of Parkland are examples of obligatory reserve funds.

4) **"Reserve"** means an allocation from net revenue at the discretion of council, after the provision for all known expenditures, as part of an overall strategy for funding programs and projects that are set out in the annual budgets or budget forecasts and is authorized under the provisions set out in the Municipal Act. It has no reference to any specific assets and does not require the physical segregation of money or assets. Reserves are part of a revenue fund and therefore, do not earn interest on their own. Any earnings derived from the investment of money from a reserve are reported as revenue in the operating fund. Revenues set aside for working funds are an example of reserves.

5) **"Reserve Fund"** means a fund with assets which are segregated and restricted to meet the purpose of the reserve fund. It is based on a statutory requirement or defined liability payable in the future and is usually prescriptive as to the basis for collection and use of monies in the fund. **All interest earnings derived from such funds must form part of the reserve fund.** There are two types of reserve funds: obligatory reserve funds and discretionary reserve funds.

Roles & Responsibilities

1) Municipal Council

a) In accordance with the Municipal Act 2001, Section 224, develop and evaluate policies; ensure that administrative policies, practices and procedures, and controllership policies, practices and procedures are in place; and maintain the financial integrity of the municipality; and

b) Approve transactions to and from reserves and reserve funds through the budget process or by specific resolution and/or by-laws.

2) Chief Administrative Officer

a) Support the Treasurer in ensuring the principles and mandatory requirements contained in this policy are applied consistently across all Municipal departments.

3) Treasurer

a) Develop and update this policy as necessary and present changes to Council;

b) Retain the overall authority for establishing and managing reserves and reserve funds, and may delegate this authority in writing when applicable;

c) Ensure that the principles and requirements contained in this policy are applied consistently across all departments;

d) Perform the transfers to and from reserves and reserve funds as authorized by Council;

e) Recommend strategies for the adequacy of reserve levels;

f) Report to Council the reserve balances and forecast as part of the annual budget approval process;

g) Develop long-range fiscal planning strategy to effectively meet the Municipality's capital financing and capital asset replacement requirements;

h) Monitor and reconcile all receipts to and disbursements from reserve and reserve fund accounts to ensure compliance with provincial regulations, PSAB and this policy;

i) Determine the need for reserves and reserve funds for operating and capital operation;

j) Ensure a review and report to Council of the adequacy and continuing need for reserves and reserve funds is undertaken when deemed necessary;

k) Ensure adherence to the Development Charges Act and applicable Provincial and Federal funding agreements;

l) Arrange for the preparation and presentations of required reports and/or by-laws for the creation or termination of any new or obsolete reserve or reserve funds; and

m) Develop appropriate strategies, procedures, and processes for the investment of reserves and reserve funds.

4) Department Heads

a) Provide the Treasurer with the most current capital asset information to be used in the assessment of the adequacy of capital lifecycle reserves;

b) Inform the Treasurer when reserve or reserve funds transfers are required; and

c) Consult with the Treasurer when reserve funds are required for unbudgeted transactions.

Procedure

Establishment of Reserves and Reserve Funds

Reserves will be maintained in the following categories:

1) Working Funds

2) Operating

3) Capital

Reserves can be established through the following processes:

1) Inclusion in the annual budget which is approved by Council; or

2) Through resolution of Council.

The budget document or resolution will clearly identify the name of the reserve being created and the purpose for the reserve. A reserve may be amended through resolution.

Reserve Funds will be maintained in the following categories:

1) Discretionary

   a) Capital

   b) Operating

2) Obligatory

   a) Statutory

   b) Trusts

   c) Contractual

Council, on the recommendation of the Treasurer, shall establish obligatory reserve funds and may establish discretionary reserve funds.

A reserve fund can be established only if at least one of the following applies:

1) A mandatory obligation exists, either pursuant to legislation or contract;

2) The funds are intended for purchasing or maintaining capital assets;

3) The funds are donated for a specific purpose; and/or

4) The funds are intended to fund a future liability.

A report which recommends the establishment of a reserve fund must include the following:

1) Statement of purpose;

2) Rationale for the appropriate level to be maintained or targeted in the reserve;

3) Initial contribution; and

4) Contribution policy.

An **Obligatory Reserve Fund** is established through either term of an agreement which is entered into by the Municipality or through legislation from a higher level of government. Obligatory Reserve Funds will be added to the summary of reserve funds.

A **Discretionary Reserve Fund** will be established through by-law. The by-law will clearly identify the name of the reserve fund, the funding method, and the purpose of the reserve fund. A reserve fund can only be used for the identified purpose unless the Council amends or repeals the establishing by-law.

Approval

Approval of funding to and from the reserves and reserve funds will be in accordance with the Municipality's budgets and reports to Council as referred to above.

Investment of Reserves and Reserve Funds

Reserves and reserve funds may be invested for a term that will not exceed its expected date of need. The related investment income will be credited monthly to the specific reserve fund according to its proportionate share of the investment portfolio and based on the weighted average return for realized income during the month. Investments shall be further governed by the Municipality's Investment Policy.

Contributions to/withdrawals from Reserves and Reserve Funds

All contributions to and/or withdrawals from reserves and reserve funds shall be approved by Council, normally as part of the annual budget approval process or specifically by resolution with the following exceptions:

1) Direct contribution to reserve and reserve fund such as development charge contributions or settlement in account of prior year events; and

2) Transfers that are the direct result of the year end surplus/deficit.

All contributions to and/or withdrawals from reserve and reserve funds will be clearly identified and segregated within the Municipality's accounting system and accounted for by either an entry or to or from an operating cost center or a capital project.

Funding strategies developed for reserves and reserve funds will consider fairness to current and future tax/rate payers.

Timing of Contributions to and Transfers from Reserve and Reserve Funds

Contributions to reserves and reserve funds as approved in budgets will be transferred to the reserves and reserve funds on an annual basis in September.

Transfers to capital projects as approved in budgets will be done periodically throughout the year and during the year-end process to ensure actual reserve and reserve fund allocation equals actual expenses incurred. Transfers from a reserve fund will not occur if the transfer puts the reserve fund in a negative balance. Final reserve and reserve fund transfers will be based on actual expenditure costs rather than budgeted amounts.

Transfers to and from operating costs as approved in the budgets will be made during the year-end process to ensure actual reserve fund allocation equals actual expenses incurred. Transfers to and from operating reserve fund transfers may not occur if the Municipality is in a surplus position at year-end.

Closing Reserves and Reserve Funds

If the purpose or purposes for which the reserve or reserve fund was created have been accomplished and the reserve or reserve fund is determined to be no longer necessary, the Treasurer, in consultation with the Department Head and Chief Administrative Officer, shall report to Council with the recommendation on:

1) The closure of the reserve or reserve funds;

2) The disposition of any remaining funds;

3) The necessary amendment to the reserve and reserve fund by-law as applicable; and

4) A resolution of Council to close a reserve or reserve fund.

The by-law establishing the reserve fund will be required to be repealed to close a reserve fund.

Allocation of Operating Surplus/Deficit

1) The Treasurer shall transfer year-end operating surpluses to the working fund reserve or tax rate stabilization reserve fund, unless a recommendation is made to Council for an alternative reserve fund.

2) The Treasurer shall recommend to Council an appropriate reserve fund allocation of any year-end operating deficit.

3) Year-end water, wastewater, stormwater and building department budget surplus will be allocated to the appropriate water, wastewater, stormwater or building department reserve fund. Deficits will be funded from the water, wastewater, stormwater or building department reserve fund; if insufficient, any shortfall will be funded from another reserve fund and treated as borrowing and paid back with interest.

Interest Allocation

1) Reserve funds will be invested in accordance with the Municipality's approved investment policy. Earnings shall be credited to each separate reserve fund bank account that invested the funds.

2) Where multiple reserve funds are included in one bank account, interest shall be allocated to reserve funds monthly based on the actual balance of the reserve fund.

3) Reserves shall not be invested and are not allocated interest.

Targets

Methodologies for calculating targets are specific to each reserve or reserve fund, however consideration will be given to the following:

1) Purpose of fund (i.e., operating or capital);

2) Certainty of end needs (i.e., for contingent liability or long-term asset replacement);

3) Economic factors (inflation, interest rates, cyclical pressures);

4) Industry/government/accounting standards; and

5) Multi-year forecast of contribution and projected usage.

6) Alignment with the Municipality's Asset Management Plan.

7) Alignment with the Municipality's Tax Supported Long-Range Financial Plan and Water, Wastewater and Stormwater Long-Range Financial Plan.

The target for each reserve and reserve fund is identified in Schedules B and C of this policy.

The Treasurer will review the targets annually and propose changes to the target level as required.

Borrowing

Borrowing from reserves and reserve funds is permitted to cover a reserve short-term deficit, to finance capital fund expenditures or operating cash flow deficiencies, or to avoid external borrowing cost provided that the following conditions must be met:

1) Borrowing must not adversely affect the intended purpose of the reserve or reserve fund;

2) A plan to repay the reserve or reserve fund within a reasonable timeframe is prepared;

3) Interest, equivalent to the Municipality's interest of reserve fund bank accounts, is applied to outstanding amounts borrowed; and

4) The relevant legislative requirements are followed where necessary. For instance, the Development Charges Act allows inter-fund borrowing solely between development charge reserve funds and sets a minimum interest rate.

Annual Reporting

1) An annual statement will be included in the budget package and provided to Council each year.

2) As required under Development Charges legislation, the Treasurer will provide Council with a financial statement related to the Development Charge By-law and include information regarding development charge reserve funds. This statement will then be forwarded to the Minister of Municipal Affairs and Housing within 60 days after the Council receipt.

3) Year-end audit and financial statements: balances of reserves and reserve funds, both obligatory and discretionary reserves funds will be presented to Council with the

appropriate note disclosure and comparative figures as required to meet PSAB reporting standards.

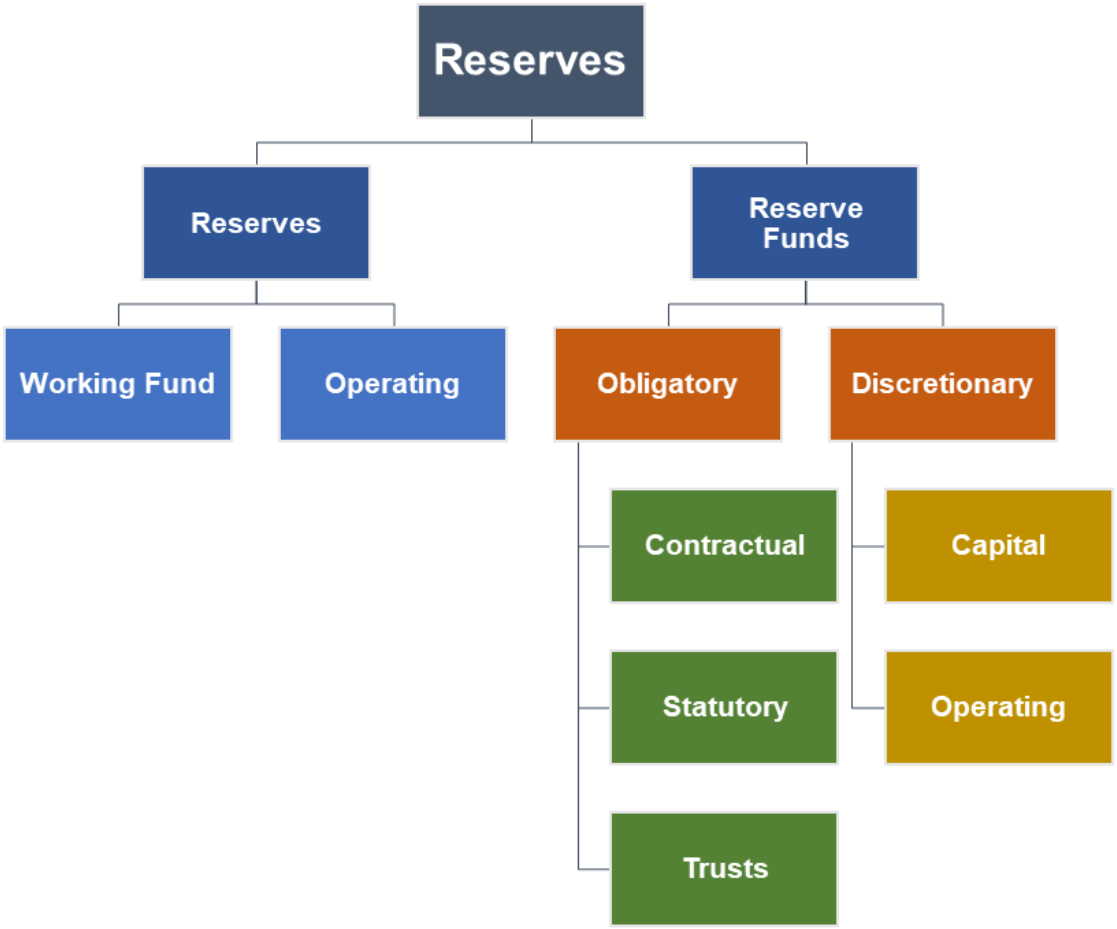
4) When required, reporting to Council or other agencies may exist for reserve fund residual balances related to grants or other contributed funds, for example, federal and provincial grants.

Policy Review

This policy will be reviewed once every four (4) years, or as necessary.

Classification/Categories and List of Reserves and Reserve Funds

Schedule A: Classification and Categories of Reserves



Schedule B: Listing of Reserves

Reserves	Categories / Legislation	Purpose	Funding Source	Basis for Target Reserve Balance	Target Balance	Rationale/ Notes
Working Fund	Working Fund	To assist in periods throughout the year when cash balances are low and there is a requirement to cover payments and expenses, before tax levies, grants and other revenues become available.	Established annual operating budget contribution. Allocation of yearend surpluses.	Equivalent to one month of tax revenues and user fees.	$3,000,000	The use of these funds is general in nature, and this balance is intended to act as cash float. Capital projects and transfer do not occur for these funds. Established by By-law 2001-047

Schedule C: Listing of the Municipality Reserve Funds

Reserve Funds: Obligatory

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Building Department Reserve Fund (formerly the Cost Stabilization Reserve Fund)	Statutory Building Code Act Ontario Regulation 305-03.	To offset cost of administration and enforcement of the building code when fee revenues are less than costs of delivering building services, to implement service enhancements and to purchase capital items required for the building department such as vehicles and equipment.	Year-end surpluses from Building and Inspection services net-of-year end deficits. Interest earned.	$100,000	The fund balance is to maintain a minimum equal to 15 months of projected operating expenses, to mitigate the sharp cyclical drops experienced, or when the economy faces a recessionary period, and to protect against building activity downturns.	$1,145,000	Established by By-law 2017-070 The building department must report their surpluses and deficits to the industry as a separate entity as the Building Code Act states that the fees collected are to be used to administer the Act. Name changed May 26, 2021.

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Canada Community Building Reserve Fund (formerly the Federal Gas Tax Reserve Fund)	Contractual Federal Transfer Payments.	For infrastructure in accordance with the Canada Community Building Agreement.	Funding provided by the Government of Canada under the agreement signed with the Government of Ontario and the Association of Municipalities of Ontario (AMO, who calculates the allocation for each municipality). Interest earned.	Yearly contributions from the federal government as established in the agreement. Cannot exceed three years of contributions.	n/a	n/a	The intent is to spend funds received as per agreement. Established by By-law 2014-048 through agreement. Name changed April 6, 2022.
Cash-in-Lieu of Parking Reserve Fund	Statutory Planning Act s. 40	In accordance with the Planning Act- this reserve is dedicated to covering costs of the Municipality maintaining parking for owner/occupants of a building that is required to provide and maintain parking facilities on the land but cannot and therefore are exempt from providing or maintaining parking facilities.	Monies are provided through an agreement with owner/occupant of a building that is exempt from providing or maintaining parking facilities as per Planning Act. Interest earned.	n/a	Adequate balance to fund parking maintenance.	n/a	Established in 2005

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Cash-in-Lieu of Parkland Reserve Fund	Statutory Planning Act s. 51.1 and s. 53.	In accordance with the Planning Act- this reserve is dedicated for the purchase and development of parkland in developing areas and redeveloping areas and/or support the upgrading of existing parks/facilities provided the need to upgrade is due to intensification of the surrounding neighborhood. This fund will not be used for costs related to parks in the development review process.	Developer contributions received in lieu of land being conveyed to the Municipality for parkland requirements as per Planning Act. Interest earned.	n/a	Adequate balance to fund parkland acquisitions, per the long-term capital plan.	n/a	Dependent on overall development and re-development Established by By-law 2001-047
Development Charges (DC) Reserve Fund services related to a highway; protection, parks and recreation; major studies; water; wastewater.	Statutory Development Charges Act s. 33-36	Holding account(s) for levies from developers to be used for approved DC programs/ projects.	DC collections and credits. Interest earned.	n/a	See DC background study.	n/a	Spending is dependent upon actual DC collection and credits Established by By-law 2014-069 and is amended from time to time.

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Ontario Community Infrastructure Fund (OCIF) Reserve Fund	Contractual Provincial Transfer Payments.	For infrastructure in accordance with the OCIF Agreement. Funds are not to be used for growth-related expansion projects.	Funding is provided by the Province of Ontario under the agreement signed with the Government of Ontario. Interest earned.	Yearly contributions from the provincial government as established in the agreement.	n/a	n/a	The intent is to spend funds received as per agreement. Agreement by By-law 2016-114 Established in 2014

Reserve Funds: Discretionary

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Administrative Support Reserve Fund	Operating and Capital	To fund operational costs associated with administrative functions provided by the Municipality from other departments. Funds raised may be used to upgrade or replace the municipal administration building, furniture, technology, and to support operating costs such as finance, records management, payroll, human resources, office supplies, and utilities.	Established annual operating budget contribution based on an allocation from other departments that are funded by specific user fees/permits. Interest earned.	$52,000	n/a	n/a	Established by By-law 2017-070

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Build Middlesex Centre Reserve Fund	Operating	To provide funding for municipal strategic investments. Funding will be made available for projects that have potential to increase the assessment base. Eligible projects include downtown improvement projects in settlement areas, development of lands around the Wellness Centre, improvement of public lands, strategies to locate businesses in the municipality, purchases of land for economic development.	Funding through municipal land sales (net proceeds of land sales more than Land Acquisition and disposal costs). Interest earned.	n/a	Estimate of cost of incentives.	n/a	Established by Resolution R2013-107, April 17, 2013.

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Buildings and Facilities Reserve Fund	Capital	To fund refurbishment, and replacement costs associated with municipal facilities and parks.	Established annual operating budget contribution calculated as the estimated yearly depreciation on the replacement cost of the asset adjusted for inflation. Interest earned.	$7,616,603	Annual target is based on the Asset Management Plan (AMP) reinvestment ratio (minimum annual investment as a percentage of total replacement cost), The total target balance is based on 15% of the total replacement costs included in the AMP.	$21,556,424	Components include roof, plumbing, HVAC, electrical, fire protection; etc. Established by By-law 2001-047
Cemetery Reserve Fund - Campbell	Operating and Capital	To hold donated funds and ensure they are used exclusively for eligible costs related to the respective cemetery.	Donation in 2026. Interest earned.	n/a	n/a	n/a	Council Report CAO-08-2026 Established by By-law 2026-055 CPS-48-2026
Cemetery Reserve Fund - Hume	Operating and Capital	To hold donated funds and ensure they are used exclusively for eligible costs related to the respective cemetery.	Donation in 2026. Interest earned.	n/a	n/a	n/a	Council Report CAO-08-2026 Established by By-law 2026-055 CPS-48-2026

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Delaware Hydro Reserve Fund	Operating and Capital	This fund contains monies received from the sale of the former Delaware hydro utility. Unless otherwise approved by specific Council resolution or by- law and amendment made to this Policy statement, expenditures from the Fund shall be limited to 50% of the interest earned by the Fund in the previous year, for the Village of Delaware.	Interest earned.	No additional contribution identified.	n/a	n/a	Established by By-law 2001-047 Policy approved September 5, 2001, GG-4.15 Delaware Hydro Utility Proceeds Reserve Fund. Refer to policy for specific details on managing the Reserve Fund.
Development Charge Exemptions Reserve Fund	Operating	To help finance approved growth-related capital costs where development charge contributions have been reduced because of exemptions, and other such concessions.	Established annual operating budget contribution. Interest earned.	Variable amount.	Budgeted transfers into this Development Charge exemptions reserve fund will be based on the tracked average of Development Charge exemptions, and other such concessions during the previous two to three years.	Variable amount.	Established by By-law 2024-047 Report CPS-29-2024

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Efficiencies and Improvements Reserve Fund	Capital	To help finance discretionary service improvements, currently listed as “unfunded capital” in the municipal budget.	Established annual operating budget contribution if approved. Interest earned	Variable amount.	Budgeted transfers into this reserve fund will be based on council direction.	Variable amount.	Established by By-law 2025-076 Report CPS-49-2025
Election Reserve Fund	Operating	To finance expenses related to elections avoiding disproportionate burden on levy in an election year.	Established annual operating budget contribution. Interest earned.	$20,000	75% of the election costs.	$60,000	The transfer to operating in an election year should deplete this reserve. Any unexpected balance is carried forward in the reserve. Established by By-law 2001-047

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Employee Benefits Reserve Fund	Operating	To fund future employee costs with respect to employee benefits. To fund any deficits in the municipal administrative services benefit plan, employee benefit costs, any employee wellness or training programs.	Yearly surpluses in the Municipal administrative services only benefit plan and the unspent funding in the employee health care spending account. Interest earned.	$10,000	Half of one year's employees benefit premium costs.	$375,000	In May of 2014, the Municipality changed from a fully insured benefit plan to an Administrative Services Only (ASO Plans). An ASO Plan is an alternative way for employers to fund their employee group benefits. Using this funding model, an employer will assume the cost of predictable claims while being protected by pooled stop loss insurance. Established in 2012
Fire Public Education Reserve Fund	Operating	To fund operating costs of the Fire Department. Funding to be used for the following expenditures: public education program and training.	Funded through revenue earned under the Fire Marque program. Interest earned.	n/a	Adequate Level to fund two public education programs a year for five years.	$100,000	Under agreement with Fire Marque, revenue collected is required to be used for public education. Agreement approved by By-law 2011-104

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Fire Vehicles and Equipment Reserve Fund	Capital	To fund replacement of fire vehicles and equipment.	Established annual operating budget contribution calculated as the estimated yearly depreciation on the replacement cost of the asset adjusted for inflation. Interest earned.	$918,264	Annual target is based on the Asset Management Plan (AMP) reinvestment ratio (minimum annual investment as a percentage of total replacement cost), The total target balance is based on 15% of the total replacement costs included in the AMP.	$1,913,050	Established by By-law 2001-047

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Fleet Reserve Fund	Operating	To provide contingency to accommodate annual fluctuations in operational costs of fleet, such as fuel and repairs and maintenance. The Operating Reserve has two purposes, to fund one-time, emergency, or unanticipated expenditure requirements The reserve can be used only after it is determined that the operating budget cannot fund the expenditure.	Allocation based on fund usage and evidence of reasonably determined liability Established annual operating budget contribution if required. Interest earned.	n/a	30% of the five-year average of the fleet expense budget.	$400,000	Established by By-law #2022-036 CPS-16-2022
Future Roads Upgrades Reserve Fund	Capital	To fund refurbishment, rehabilitation and replacement costs associated with identifiable roads infrastructure.	Established consent requirements from time to time. Interest earned.	n/a	n/a.	n/a	Established by By-law 2019-055

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
General Vehicles and Equipment Reserve Fund	Capital	To fund the purchase of existing vehicles and equipment.	Established annual operating budget contribution calculated as half the estimated yearly depreciation on the replacement cost of the asset adjusted for inflation. Interest earned.	$1,461,207	Annual target is based on the Asset Management Plan (AMP) reinvestment ratio (minimum annual investment as a percentage of total replacement cost), The total target balance is based on 15% of the total replacement costs included in the AMP.	$3,044,181	Established by By-law 2001-047
Gravel Roads Conversion Reserve Fund	Capital	To fund the conversion of gravel roads to tar & chip (LCB) road standards. Funds raised can be used to plan, design, and reconstruct roads.	Established annual operating budget contribution. Interest earned.	n/a	n/a	n/a	Improving the reliability and level of service of the transportation network. Established by By-law 2026-055 CPS-48-2026

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Gravel Pit Rehabilitation Reserve Fund	Operating	To fund the future rehabilitation and purchases of gravel pits in the Municipality.	Funding through royalty received yearly on behalf of Aggregate Resources Trust, in addition to an established annual operating budget contribution. Interest earned.	$30,000	Adequate level to fund a new gravel pit.	$1,000,000	Established by By-law 2001-047
Growth Reserve Fund	Capital	To fund authorized growth-related capital expenditures, as identified in the Municipality's approved development charge study for benefits to existing areas not covered by development charges (DCs) in tax-rate supported projects.	Established annual operating budget contribution calculated based on the development charge study adjusted for inflation. Interest earned.	$5,377,000	Total tax-supported balance required for growth-related projects not recovered from development charges. 50% of the total amount required is the target balance as non-tax supported growth-related projects not covered by development charges will be funded by debt.	$26,885,450	Established by By-law 2025-076 Report CPS-49-2025

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Housing Accelerator Reserve Fund	Contractual Federal Transfer Payments	For assisting municipalities in optimizing land use planning and expediting development approval processes, thereby accelerating the increase of housing supply and streamlining building approvals. Funding in accordance with the Agreement.	Funding provided by the Government of Canada under the agreement. Interest earned.	Yearly contributions from the federal government as established in the agreement.	n/a	n/a	The intent is to spend funds received as per agreement. Established by By-law 2025-076 Report CPS-49-2025
Insurance Claims Reserve Fund	Operating	To provide contingency to accommodate annual fluctuations in cost of claims (deductibles) and premiums.	Allocation based on fund usage and evidence of reasonably determined liability. Established annual operating budget contribution. Interest earned.	n/a	Half of one year's insurance budget.	$500,000	Established by By-law 2001-047

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Legal Reserve Fund	Operating	To provide contingency to accommodate annual fluctuations in cost of legal invoices and claims.	Allocation based on fund usage and evidence of reasonably determined liability. Established annual operating budget contribution if required. Interest earned.	n/a	One year's legal budget.	$200,000	Established by By-law 2021-054
Medical Centre Reserve Fund	Capital and operating	To fund major capital repairs or rehabilitation expenses associated with the Medical Centre.	Funding through Medical Centre rental revenue. Interest earned.	$64,984	Adequate Level to fund repairs and/ or replacement of major components.	$2,000,000	Components include roof, plumbing, HVAC, electrical, fire protection; etc. Established in 2010
Modernization Reserve Fund	Operating and Capital	To fund projects that help modernize service delivery and reduce future costs.	Funding from the Provincial government in 2019. Interest earned.	n/a	n/a	n/a	Established by By-law 2020-037
Municipal Drains Reserve Funds	Operating	To provide contingency to accommodate annual fluctuations in cost of municipal drains.	Allocation based on fund usage and evidence of reasonably determined liability Established annual operating budget contribution if required. Interest earned	n/a	One year's municipal drain expense budget.	$200,000	Report CPS-29-2024 Established by By-law 2024-047

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Road Capital Reserve Fund	Capital	To fund refurbishment, rehabilitation and replacement costs associated with Bridges, culverts, and roads infrastructure.	Established annual operating budget contribution calculated as half the estimated yearly depreciation on the replacement cost of the asset adjusted for inflation. Interest earned.	$13,634,858	Annual target is based on the AMP reinvestment ratio (minimum annual investment as a percentage of total replacement cost), The total target balance is based on 5% of the total replacement costs included in the AMP.	$27,269,717	Established by By-law 2001-047
Security Deposit Reserve Fund	Operating	To set aside older security deposits that have not been claimed.	Based on older security deposits that have not been released or clamed.	n/a	n/a	n/a	Report CPS-29-2024 Established by By-law 2024-047
Stormwater Capital Reserve Fund	Capital and operating	To fund maintenance and replacement of stormwater assets and municipal drains within settlement areas.	Funding is a result of surcharges on the storm water user rate. In addition, any surplus in the stormwater annual operating budget has been contributed to supplement the reserve balance. Interest earned.	$4,198,319	Annual target is based on the AMP reinvestment ratio (minimum annual investment as a percentage of total replacement cost), The total target balance is based on 10% of the total replacement costs included in the AMP.	$16,731,275	Established by By-law 2001-047

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Tax Rate Stabilization Reserve Fund	Operating	To fund tax revenue shortfalls, one-time expenditures, as well as other contingencies such as MPAC appeals.	Established annual operating budget contribution. Allocation of yearend surpluses. Interest earned.	n/a	10% of Prior Year Municipal Tax Levy	$2,700,000	This reserve represents a non-sustainable source of annual funding and is not recommended for use on a routine basis to reduce annual tax rate. Established by By-law 2001-047
Waste Management Reserve Fund	Capital	To fund major maintenance and replacement of waste management facilities and landfill rehabilitation.	Interest earned.	n/a	n/a	n/a	Established in 2002
Wastewater Capital Reserve Fund	Capital and operating	To fund maintenance and replacement of wastewater facilities and linear assets. It is also used to finance the non-DC funded growth component of new wastewater assets and has provided wastewater rate stabilization from year to year.	Funding is a result of surcharges on the wastewater user rate. In addition, any surplus in the wastewater annual operating budget has been contributed to supplement the reserve balance. Interest earned.	$4,419,240	Annual target is based on the AMP reinvestment ratio (minimum annual investment as a percentage of total replacement cost), The total target balance is based on 10% of the total replacement costs included in the AMP.	$31,565,999	Established by By-law 2001-047

Title	Category	Purpose	Funding Source	Annual Target Contribution	Basis for Target Reserve Balance	Target Balance	Rationale / Notes
Water Capital Reserve Fund	Capital and operating	To fund maintenance and replacement of water facilities and linear assets. It is also used to finance the non- DC funded growth component of new water assets and has provided water rate stabilization from year to year.	Funding is a result of surcharges on the water user rate. In addition, any surplus in the water annual operating budget has been contributed to supplement the reserve balance. Interest earned.	$2,483,480	Annual target is based on the AMP reinvestment ratio (minimum annual investment as a percentage of total replacement cost), The total target balance is based on 10% of the total replacement costs included in the AMP.	$14,608,704	Established by By-law 2001-047
Winter Maintenance Reserve Fund	Operating	To fund winter maintenance in the event of a shortfall in the operating budget. The reserve fund aids in minimizing the financial implications resulting from extreme winter weather conditions.	Year-end surpluses from Transportation services' net of year end deficits. Interest earned.	n/a	The winter maintenance balance is recommended to be equal to 25% of the 4-year average winter maintenance costs.	$165,000	Established by By-law 2017-070