



Corporate Reserve Strategy

(2017 Update)

September 6, 2017

Report#: 2017-R19-FIN-0906-RM



Reserve Strategy Principles

- ✓ Working capital to support cash flow
- ✓ Stabilize the County Levy
- ✓ Demonstrate financial strength (credit worthiness)
- ✓ Planned acquisition/replacement of fixed assets
- ✓ Planned expansion of infrastructure
- ✓ Provide for unanticipated expenditures
- ✓ Address Corporation's exposure to risk and liability
- ✓ Address Corporate automation requirements
- ✓ Protect County's sizeable investment in physical infrastructure

Reserve Continuity Schedule - General

Reserve Category	Balance Beginning of Year	Contribution from Revenue Fund	Contribution to Revenue Fund	Contribution to Capital Fund	Transfers between Reserves	Balance End of Year
Working Capital	4,500,000	-	-	-	-	4,500,000
Rate Stabilization	8,055,104	-	(358,330)	(543,900)	(1,806,526)	5,346,348
Library 2016 Surplus	790,000	-	-	-	-	790,000
Health Benefits	943,474	-	-	-	(193,474)	750,000
Insurance	715,202	25,000	-	-	-	740,202
WSIB	1,550,877	185,080	-	-	-	1,735,957
Capital	33,935,226	6,116,870	-	(7,542,470)	2,000,000	34,509,626
Capital - SPH Structural	407,766	-	-	(5,150)	-	402,616
NWEHS	4,269,000	2,170,000	-	-	-	6,439,000
Official Plan	477,000	40,000	(13,000)	-	-	504,000
Donations/Life Enrichment	597,088	14,000	-	-	-	611,088
SPH WSIB NEER	458,907	-	-	-	-	458,907
Roadway Expansion	53,651,660	3,545,090	-	(2,807,280)	-	54,389,470
CWATS	2,697,800	-	-	(797,310)	-	1,900,490
Total - General	113,049,104	12,096,040	(371,330)	(11,696,110)	-	113,077,704

Reserve Continuity Schedule - EMS

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Equipment replacement	3,421,601	790,290	-	(425,670)	-	3,786,221
Vehicle replacement	2,152,721	1,225,770	-	(978,000)	-	2,400,491
WSIB	535,073	-	-	-	-	535,073
Severance	330,153	-	-	-	-	330,153
Total - EMS	6,439,548	2,016,060	-	(1,403,670)	-	7,051,938

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Library 2016 Surplus Distribution

Municipality	Total Levy Payments	% of Levy	Library Surplus
Amherstburg	9,972,090	11.70%	92,396
Essex	8,095,965	9.50%	75,013
Lakeshore	20,103,342	23.58%	186,266
LaSalle	13,316,740	15.62%	123,385
Leamington	10,679,603	12.53%	98,951
Kingsville	10,161,392	11.92%	94,150
Tecumseh	12,934,039	15.17%	119,839
Totals	85,263,171	100.00%	790,000

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New Windsor-Essex Hospital System

Year	Annual Allocation (0.5% Levy for 10 yrs. + Commitment Transfers)	Commitment Transfer	Reserve Transfer	Debt Payment	Interest Income @ 1.875%	Reserve Balance
2015	340,000	1,400,000	1,000,000	-	-	2,740,000
2016	1,500,000	-	-	-	29,000	4,269,000
2017	2,090,000	-	-	-	80,044	6,439,044
2018	2,690,000	-	-	-	120,732	9,249,776
2019	3,290,000	-	-	-	173,433	12,713,209
2020	3,890,000	100,000	-	-	238,373	16,941,582
2021	4,590,000	-	-	-	317,655	21,849,236
2022	5,100,000	-	-	-	409,673	27,358,910
2023	5,600,000	-	-	-	512,980	33,471,889
2024	6,100,000	200,000	-	-	627,598	40,399,487
2025	6,800,000	-	-	-	757,490	47,956,977
2026	6,800,000	-	-	-	899,193	55,656,171
2027	6,800,000	-	(55,000,000)	(6,518,595)	1,043,553	1,981,129
2028	6,800,000	-	-	(6,296,987)	37,146	2,521,288
2029	6,800,000	-	-	(6,068,288)	47,274	3,300,274
2030	6,800,000	-	-	(5,847,602)	61,880	4,314,552
2031	6,800,000	-	-	(5,616,130)	80,898	5,579,320
2032	4,900,000	-	-	(5,393,596)	104,612	5,190,337
2033		-	-	(5,168,287)	97,319	119,368
2034		-	-	-	2,238	121,607
2035		-	-	-	2,280	123,887
2036		-	-	-	2,323	126,210
Totals	87,690,000	1,700,000	(54,000,000)	(40,909,485)	5,645,695	-

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Report Recommendations

- ✓ Reaffirm the Corporation's long-term reserve strategy
- ✓ Budget reserve allocations to/from specific reserves based on established targets/guidelines - presented annually during the Corporation's Budget Process
- ✓ Corporate windfall recoveries and operating surpluses continue to be directed to the Corporation's Rate Stabilization Reserve for Council's future disposition
- ✓ Proceeds from the sale or disposal of assets contributed to asset replacement reserves
- ✓ Approve the transfer of \$2 million from the Rate Stabilization Reserve to Capital Reserve and \$193,474 from the Health Benefits Reserve to Rate Stabilization Reserve
- ✓ Reserve status and transfers to be reported to County Council on an annual basis



Questions?

