



TOWNSHIP OF NORTH HURON

REPORT

Item No.

REPORT TO: Reeve Vincent and Members of Council
PREPARED BY: Donna White, Director of Finance
DATE: 27/03/2017
SUBJECT: 2016 Reserves Listing
ATTACHMENTS: 2016 Working Reserve, 2016 Reserve Balances

RECOMMENDATION:

THAT the Council of the Township of North Huron hereby adopts the 2016 Working Reserve and Reserve Fund Listing as presented by the Director of Finance.

EXECUTIVE SUMMARY

As part of the yearend audit process, the Director of Finance compiles a listing of the Reserve and Reserve Fund Balances. A copy of the Working Reserve and the Reserve Fund Listing is attached.

DISCUSSION

A reserve fund is established to account for assets that have been segregated for a specific purpose. There are two types of reserve funds: obligatory and discretionary. Discretionary reserve funds are created when Council wishes to earmark dollars to finance a future expenditure.

Obligatory Reserve Funds must be created whenever a statute requires revenues received for special purposes to be segregated from the general municipal revenues. These are externally restricted funds and are reported as Obligatory Deferred Revenue on the FIR. North Huron examples of Obligatory Reserve Funds are:

Development Charges

Building Code Act

Cash in Lieu of Park Land (Planning Act)

Federal Gas Tax

A Reserve such as the Working Reserve differs from a reserve fund in that it is simply an allocation of accumulated net revenue. It does not require physical segregation of money or assets in the case of reserve funds. A reserve may be established for a predetermined purpose and applied for that purpose at the discretion of council. A reserve is created by including in the current budget the amount that is to be transferred to a reserve during the year.

FINANCIAL IMPACT

The reserve and reserve fund balances are recorded on Schedule 60 of the Financial Information Return and the information is also included in the Township Financial Statements.

FUTURE CONSIDERATIONS

Projects included in the 2017 Draft Budget that are to be funded from reserves will be discussed as part of the Budget Process. The Director plans to work with the Department Heads in 2017 to consolidate and rename items in the working reserve.

RELATIONSHIP TO STRATEGIC PLAN

Goal # 4 – Our administration is fiscally responsible and strives for operational excellence.

A handwritten signature in cursive script that reads "Donna White".

Donna White, Director of Finance

A handwritten signature in cursive script that reads "Sharon Chambers".

Sharon Chambers, CAO