

## REPORT TO COUNTY COUNCIL

# Reserves Year End Allocations and Policy Review

**To:** Warden and Members of County Council

**From:** Director of Corporate Services

## RECOMMENDATIONS

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1. That County Council hereby affirms policy provisions contained in Reserves Policy 6.20 as set out in Attachment 1 to Report CS 2024-37 entitled “Reserves Year End Allocations and Policy Review”;
2. And further, that County Council hereby approves reserve year end allocations to the respective reserve and reserve fund accounts for future use as identified in Attachment 2 to Report CS 2024-37.

## REPORT HIGHLIGHTS

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- Reserves Policy 6.20 is subject to an annual review to ensure appropriate reserve balances are maintained to fund specified operations and capital projects in accordance with the County’s Long Term Financial Sustainability Plan.
- Year end allocations to and from reserves are based on the status of projects previously approved for funding from reserves or from taxation; year end surpluses; and variance from target balances.

## IMPLEMENTATION POINTS

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Subject to Council’s approval of the recommendations contained in this Report, the year end reserve allocations as described and set out in Attachment 2 to this Report will be reflected in 2024 year end financial reports.

### Financial Impact

There is no impact to the County’s 2024 budget as a result of carrying over funds collected for capital and/or special projects not completed during the year as they are reserved for future use as reflected in the 2024 forecast. At the time these projects are completed the reserves will

provide a source of funding that effectively reduces the annual levy to be collected through tax rates and user fees.

The 2025 Business Plan and Budget was prepared in anticipation of the modifications identified throughout this Report and Attachment 1 - Reserves Policy 6.20 being approved.

**Communications**

The policy as amended will be updated in the County’s General Policy Manual and staff will be appropriately informed.

**2023-2026 STRATEGIC PLAN**

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Oxford County Council approved the **2023-2026 Strategic Plan** on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council’s vision of “Working together for a healthy, vibrant, and sustainable future.” These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

**Strategic Plan Pillars and Goals**

PILLAR 1	PILLAR 2	PILLAR 3
		
<b>Promoting community vitality</b>	<b>Enhancing environmental sustainability</b>	<b>Fostering progressive government</b>
Goal 1.2 – Sustainable infrastructure and development		Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

## DISCUSSION

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### Background

Each year department managers are requested to review special project and capital spending which could not be completed in the current year. Under spending related to ongoing operational items is generally not reserved, however where special projects cannot be completed due to lack of time or other uncontrollable circumstances the practice has been to reserve those funds for future use.

An annual review of the Reserves Policy ensures the County maintains the appropriate combination of revenue sources to fund ongoing and future projects without imposing significant tax and user fee fluctuations.

In accordance with Reserves Policy 6.20, transfers to and from reserves and reserve funds not specifically approved in the annual operating and capital budgets require Council's approval. Without Council's approval, any funds generated in the year that are not used as a result of incomplete projects will become part of the County's year end surplus and allocated as outlined in the Reserves Policy 6.20.

### Comments

The Reserves Policy has been reviewed in accordance with the Long Term Financial Sustainability Plan designed to ensure that sufficient funding and resources are provided to meet required service level and infrastructure needs over the long term.

In response, the following proposed Reserves Policy 6.20 amendments as described below are clearly marked by tracked changes in Attachment 1 – Reserves Policy 6.20.

#### **Section 3.1 – Stabilization Reserves**

Addition of "Growth – General" and "Growth – Library" reserves are to support the recommendation contained in Report CS 2024-24 to fund Development Charge Exemptions from the general levy or library levy, for those related to library services, beginning with the 2025 budget year.

Contributions to the reserves are based on an annual average of the exemption estimate identified in the County's latest Development Charge Background Study. A consistent contribution to the reserves will help with predictability for taxpayers. Contributions from the reserve will be based on actual exemptions as development occurs, subject to sufficient funds being available.

#### **Appendix "A" – Reserve Policy**

Amendments within Appendix "A" to the Reserves Policy are proposed based on the addition of the growth reserves identified above.

## CONCLUSIONS

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Capital reserves are built based on the lifecycle needs of existing assets in the Asset Management Plan. Based on the funding gaps identified in the 2024 Asset Management Plan it is critical that the use of funds from capital reserves remains focused on existing asset lifecycle needs. Use of these reserves to expand the County's asset base, or on non-asset related activities, adds risk to the County's ability to maintain assets, which in turn could lead to a reduced level of service being provided, or an increase on the reliance of debt funding.

This report fulfills the requirements of the County's Reserves Policy for an annual review and authorizes carryover of funds generated for projects and/or special programs not completed in 2024 to the appropriate reserve or reserve fund for future use.

## SIGNATURES

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### Report author:

Original signed by

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Jennifer Lavallee, CPA, CGA  
Manager of Capital Planning

### Departmental approval:

Original signed by

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Lynn S. Buchner, CPA, CGA  
Director of Corporate Services

### Approved for submission:

Original signed by

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Benjamin R. Addley  
Chief Administrative Officer

## ATTACHMENTS

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Attachment 1 – Reserve Policy 6.20  
Attachment 2 – 2024 Year End Reserve Continuity Report