

**THE CORPORATION OF THE TOWNSHIP OF WILMOT
BY-LAW NO. 2023-51**

**BEING A BY-LAW FOR THE ESTABLISHMENT AND
MAINTENANCE OF RESERVES AND RESERVE
FUNDS**

WHEREAS a municipality may establish reserves to facilitate better financial management and accountability;

AND WHEREAS section 417 of the Municipal Act, 2001 allows a municipality to provide for the establishment and maintenance of reserve funds for any purpose for which it has authority to spend money;

AND WHEREAS the Township of Wilmot operates several reserves and reserve funds;

AND WHEREAS the authority for such reserves and reserve funds and the purpose for which they are established ought to be clear in all cases;

AND WHEREAS it is deemed expedient to consolidate the authority for all reserves and reserve funds into one by-law;

NOW THEREFORE the Council of the Corporation of the Township of Wilmot hereby enacts as follows:

1. THAT the Reserves and Reserve Funds as outlined in Schedule "A" of this By-Law and utilized as defined in Schedule "B" be established, and that the balances of existing reserves be transferred, and the old accounts be closed as set out in Report COR-2023-76.
2. AND THAT a detailed schedule of reserves and reserve funds be added to the Township Website promptly following this By-law coming into force, and updated following each annual budget, and other times throughout the year at the discretion of the Treasurer, including following any amendments to this By-law.

Severability

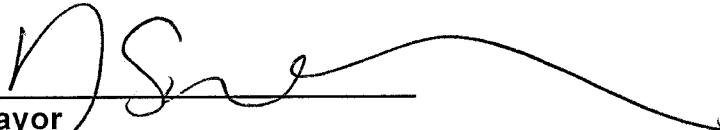
- If a Court of competent jurisdiction should declare any section or part of a section of this by-law to be invalid, such section or part of a section shall not be construed as having persuaded or influenced Council to pass the remainder of this by-law and it is hereby declared that the remainder of this by-law shall be valid and shall remain in full force and effect.

Coming to Force


- This by-law hereby rescinds By-law 2008-57, and rescinds any other existing bylaws or resolutions of Council which established reserves, reserve funds or purposes or conditions on reserves or reserve funds and shall come into force and take effect on the 31st day of December, 2023.

READ a first and second time in Open Council this 11th day of December, 2023.

READ a third time and finally passed in Open Council this 11th day of December, 2023.



Mayor



Clerk

**SCHEDULE A
RESERVE AND RESERVE FUNDS DEFINITIONS AND OBJECTIVES**

Reserve Funds for Existing Infrastructure Sustainability

AM1 General Asset Management Reserve Fund

This reserve fund allows the Township to accumulate funds for renewal of property tax funded infrastructure. Property tax funds are identified and raised as part of the annual budget process. Funding from this reserve supports the Township's Asset Management Plan, Annual Capital Program and Township's 10-Year Capital forecast by providing predictable financing for the renewal of existing capital assets.

At the discretion of the Township Treasurer, this account may be divided into sub-reserve accounts based on groupings of assets, or by groupings of the organizational responsibility for assets.

AM2 Water Asset Management Reserve Fund*

This reserve fund allows the Township to accumulate funds for renewal of water rate-funded infrastructure. Funds are identified and raised as part of the annual budget process. Funding from this reserve supports the Township's Asset Management Plan, Annual Capital Program and Township's 10-Year Capital forecast by providing predictable financing of the renewal of existing capital assets. These funds may also be utilized to support growth-related water rate funded initiatives where portions of a project are not eligible for Development Charges funding.

At the discretion of the Township Treasurer, this account may be divided into sub-reserve accounts based on groupings of assets, or by groupings of the organizational responsibility for assets.

AM3 Sanitary Sewer Asset Management Reserve Fund*

This reserve fund allows the Township to accumulate funds for renewal of sanitary sewer rate-funded infrastructure. Funds are identified and raised as part of the annual budget process. Funding from this reserve supports the Township's Asset Management Plan, Annual Capital Program and Township's 10-Year Capital forecast by providing predictable financing of the renewal of existing capital assets. These funds may also be utilized to support growth-

By-Law No. 2023-51, Reserve and Reserve Fund By-law

related sanitary sewer rate funded initiatives where portions of a project are not eligible for Development Charges funding.

At the discretion of the Township Treasurer, this account may be divided into sub-reserve accounts based on groupings of assets, or by groupings of the organizational responsibility for assets.

AM4 Canada Community Building Fund**

This reserve fund is derived from grant funding outlined in the agreement between the Township of Wilmot, the Province of Ontario, and Association of Municipalities of Ontario (AMO). These funds may be utilized to fund local infrastructure priorities, in accordance with the agreement. Some examples of use include supporting the construction, enhancement or renewal of local roads, bridges, and recreational facilities. This reserve may also be used to support non-growth share of funding of new infrastructure opportunities.

AM5 Ontario Community Infrastructure Fund (OCIF)**

This fund is derived from grant funding received from the Province of Ontario to support expenditures on core infrastructure projects such as roads, bridges, water and wastewater that are part of an asset management plan. This reserve fund allows for the accumulation of deferral of funds to support future year capital initiatives.

AM6 Cemetery Reserve Fund*

This reserve fund shall be accumulated from surpluses above budget allocations from cemetery operations. Funds shall be used to fund capital initiatives (existing and new) and offset operating deficits within the cemetery division.

AM7 Cash-In-Lieu of Parkland Reserve Fund**

This reserve fund is to hold Cash-in-Lieu of Parkland contributions under the Planning Act, 1990. These funds may be used for the acquisition of land to be used for park or other public recreational purposes, including the erection, improvement or repair of community use buildings and the acquisition of machinery for park or other public recreational purposes as set in Planning Act, 1990.

By-Law No. 2023-51, Reserve and Reserve Fund By-law

Reserve Funds for New Infrastructure

GR1 Development Charges Reserve Fund**

- a. This reserve fund is derived from development charges collected in accordance with the Development Charges Act (DCA), as amended. This fund may be used to defray net capital costs of growth-related services and infrastructure which may be provided by the Township and for which the funds were raised.
- b. Sub-reserve funds will be contained within the Development Charges Reserve Fund as defined within the Township's Development Charges Study and managed in accordance with the Development Charges Act and regulations thereto:
 - i. Roads and Related Services.
 - ii. Fire Protection Services.
 - iii. Parks and Recreation Services.
 - iv. Library Services.
 - v. Water Services; and
 - vi. Wastewater Services.

GR2 Tax Funded Growth Infrastructure Reserve Fund

This reserve fund is to facilitate the placement of growth-related property tax funded infrastructure that must be funded through own source funds.

Reserve Funds for Special Purposes

Stabilization Funds

SP1 Property Tax Stabilization Reserve Fund

This reserve fund shall serve to mitigate significant property tax rate fluctuations resulting from extraordinary, non-recurring, temporary expenditures and/or revenue shortfalls during the municipal budget process. This reserve shall also serve to support unanticipated extraordinary activities that may arise within a fiscal year after budget approval.

SP2 Water Rate Stabilization Reserve Fund*

This reserve fund shall serve to mitigate significant water rate fluctuations because of extraordinary non-recurring/temporary expenditures or revenue shortfalls during the municipal budget process. This reserve shall also serve

By-Law No. 2023-51, Reserve and Reserve Fund By-law

to support unanticipated extraordinary activities that may arise within a fiscal year after budget approval.

SP3 Sanitary Sewer Rate Stabilization Reserve Fund*

This reserve fund shall serve to mitigate significant sanitary sewer rate fluctuations because of extraordinary non-recurring/temporary expenditures or revenue shortfalls during the municipal budget process. This reserve shall also serve to support unanticipated extraordinary activities that may arise within a fiscal year after budget approval.

SP4 Self-Insurance and Legal Reserve Fund

This reserve fund is accumulated from annual surpluses arising from unspent budget funds allocated for self-insurance and legal expenses. These funds are used to offset deficits in self-insurance and legal expenses in succeeding years, and to help stabilize any sharp fluctuations in insurance premiums which may be experienced year-over-year. These reserve funds may also be applied to unusual Workplace Safety and Insurance Board claims costs incurred.

SP5 Winter Control Maintenance Reserve Fund

This reserve fund is accumulated from annual surpluses arising from unspent budget funds allocated for annual winter control maintenance expenses. These funds are used to offset deficits in winter control maintenance expenses in succeeding years.

SP6 Municipal Elections Reserve Fund

This reserve fund is accumulated from annual property tax funded budget allocations to finance future elections and by-elections. Funds accumulated by the year of an election avoid excessive burden on the general tax levy.

SP7 Building Code Administration Reserve Fund**

This reserve fund is derived from the Building Code Act, 1992, and specifically the fees charged thereunder which exceed actual expenses incurred in provision of the services. This fund may be used to cover the net operating costs of administration and enforcement of the Building Code when fee revenues are not sufficient. This reserve may also source funding for capital needs specifically for this service area.

By-Law No. 2023-51, Reserve and Reserve Fund By-law

Other Special Purpose Funds

SP8 Working Funds Reserve

This reserve shall provide access to working capital, ensuring the maintenance of adequate cash flow for day-to-day operations, while also mitigating the reliance on short-term borrowing needs. Additionally, the fund may serve as a resource in unprecedented emergency circumstances where no other funding mechanisms exist.

SP9 Strategic Initiatives Reserve Fund

This reserve fund allows the municipality to accumulate or segregate funds to finance strategic operating and capital initiatives in alignment with the municipality's Strategic Plan and/or Master Plans, that have not been identified for funding in other established reserve funds.

SP10 Water Strategic Initiatives Reserve Fund*

This reserve allows the municipality to accumulate or segregate funds to finance strategic water operating and capital initiatives, in alignment with the municipality's Strategic Plan and Master Plans, that have not been identified for funding in other established water rate funded reserve funds.

SP11 Sanitary Sewer Strategic Initiatives Reserve Fund*

This reserve allows the municipality to accumulate or segregate funds to finance sanitary sewer operating and capital initiatives identified in the municipality's strategic plans that do not qualify for funding in other established sanitary sewer rate funded reserve funds.

SP12 Affordable Housing Reserve Fund

This reserve allows the municipality to accumulate funds to support affordable housing development initiatives within the municipality and is funded through contributions from developers identified within subdivision and/or site plan agreements.

SP13 Municipal Accommodation Tax Reserve Fund

The Municipal Accommodation Tax (MAT) is collected on short-term accommodations within the Township to support destination marketing and

By-Law No. 2023-51, Reserve and Reserve Fund By-law

AM7	Cash-In-Lieu of Parkland Reserve Fund**	Developer funding for the provision of parks and recreation facilities.	Developer contributions	As established within the Planning Act, 1990.	No Targets
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Reserve Funds for New Infrastructure

Fund #	Name of Fund	Summary Objective(s)	Source(s) of Funding	Eligibility Criteria	Funding Targets
GR1	Development Charges Reserve Fund**	Developer funding for growth related capital costs.	Developer contributions	Projects identified within the Township's Development Charges Study.	Targets set in the Township's Development Charges Study.
GR2	Tax Funded Growth Infrastructure Reserve Fund	To support growth related infrastructure where own source funds are required.	Council approved allocations during the annual budget.	Township portion of growth-related capital costs where other funding is not eligible and/or available (e.g. Development Charges).	Targets set in the Township's 10-Year Capital Plan. Minimum balance of \$500,000.

Reserve Funds for Special Purpose Funds – Stabilization Funds

Fund #	Name of Fund	Summary Objective(s)	Source(s) of Funding	Eligibility Criteria	Funding Targets
SP1	Property Tax Stabilization Reserve Fund	To mitigate significant property tax rate fluctuations resulting from extraordinary, non-recurring, temporary expenditures and/or revenue shortfalls.	Unallocated Annual General Surplus. Levy funding surpluses from capital initiatives closed as part of year-end processing.	To offset year-end levy-funded operating deficits. Levy funding deficits from capital initiatives closed as part of year-end processing.	Maximum balance of 20% of prior year's general property tax revenue. Minimum balance of 5% of prior year's general property tax revenue.
				To mitigate significant tax levy increases in extraordinary circumstances as defined.	

By-Law No. 2023-51, Reserve and Reserve Fund By-law

<p>SP2 Water Rate Stabilization Reserve Fund*</p>	<p>To mitigate significant property water rate fluctuations resulting from extraordinary, non-recurring, temporary expenditures and/or revenue shortfalls.</p>	<p>Unallocated Annual Water Operating Surplus. Water rate funded surpluses from capital initiatives closed as part of year-end processing.</p>	<p>To offset year-end water rate funded operating deficits. Water rate funded deficits from capital initiatives closed as part of year-end processing.</p> <p>To mitigate significant water rate increases in extraordinary circumstances as defined.</p>	<p>Maximum balance of prior year's water operating revenue. 20% Minimum balance of 5% of prior year's water operating revenue.</p>
<p>SP3 Sanitary Sewer Rate Stabilization Reserve Fund*</p>	<p>To mitigate significant sanitary sewer rate fluctuations resulting from extraordinary, non-recurring, temporary expenditures and/or revenue shortfalls.</p>	<p>Unallocated Annual Sanitary Sewer Operating Surplus. Sanitary sewer rate funded surpluses from capital initiatives closed as part of year-end processing.</p>	<p>To offset year-end sanitary sewer rate funded operating deficits. Sanitary sewer rate funded deficits from capital initiatives closed as part of year-end processing.</p> <p>To mitigate significant sanitary sewer rate increases in extraordinary circumstances as defined.</p>	<p>Maximum balance of 20% of prior year's sanitary sewer operating revenue. Minimum balance of 5% of prior year's sanitary sewer operating revenue.</p>
<p>SP4 Self-Insurance and Legal Reserve Fund</p>	<p>Funding for insurance premiums, insurance claim deductibles and legal expenses.</p>	<p>Surplus operating funds from the self-insurance and legal expense budget. Council approved allocations during the annual budget.</p>	<p>Self-Insurance and Legal costs that exceed the annual budget allocation.</p>	<p>Minimum balance of \$100,000, to be adjusted based on experience.</p>

By-Law No. 2023-51, Reserve and Reserve Fund By-law

SP5	Winter Control Maintenance Reserve Fund	Funding for winter control maintenance costs	Surplus operating funds from the winter control maintenance expense budget. Council approved allocation during the annual budget.	Winter control costs that exceed the annual budget allocation	Minimum balance of \$100,000 to be adjusted based on experience.
SP6	Municipal Elections Reserve Fund	Funding for municipal elections.	Annual General Levy Allocation.	Costs associated with the planning and administration of municipal elections.	Based on the anticipated cost of the following municipal election.
SP7	Building Code Administration Reserve Fund**	Funding Building Code operations in years where fee revenues are not sufficient to sustain operations	Building Permit fees collected that exceed the annual operating budget. Additional Council approved allocations during the annual budget and/or year-end processing.	To fund any shortfall in the annual Building Permit Fee Operating Budget or Capital Budget.	Minimum uncommitted balance to cover six-months of operating costs of the building division.

Reserve Funds for Special Purpose Funds – Other Special Purpose Funds

Fund #	Name of Fund	Summary Objective(s)	Source(s) of Funding	Eligibility Criteria	Funding Targets
SP8	Working Funds Reserve	Serve as retained Working Capital and for unprecedented emergency circumstances.	Council approved allocations during the annual budget and year end processing.	To fund unprecedented emergency circumstances where no other funding mechanisms exist.	Maximum balance of 20% of prior year's general property tax revenue. Minimum uncommitted balance of \$500,000.
SP9	Strategic Initiatives Reserve Fund	Funding for strategic operating and/or capital infrastructure initiatives.	Council approved allocations during the annual budget.	Funding strategic operating and/or infrastructure initiatives that have not been identified for funding in other established reserve funds.	Based on the projects identified within Township's 10-Year Capital Forecast and other supporting documentation.

By-Law No. 2023-51, Reserve and Reserve Fund By-law

SP10	Water Strategic Initiatives*	Funding for water rate funded strategic operating and/or capital infrastructure initiatives.	Council approved allocations during the annual budget.	Funding strategic operating and/or infrastructure initiatives that have not been identified for funding in other established water rate funded reserve funds.	Based on the projects identified within Township's 10-Year Capital Forecast and other supporting documentation.
SP11	Sanitary Sewer Strategic Initiatives*	Funding for sanitary sewer rate funded strategic operating and/or capital infrastructure initiatives.	Council approved allocations during the annual budget.	Funding strategic operating and/or infrastructure initiatives that have not been identified for funding in other established sanitary sewer rate funded reserve funds.	Based on the projects identified within Township's 10-Year Capital Forecast and other supporting documentation.
SP12	Affordable Housing Reserve Fund	Funding to support affordable housing development initiatives.	Developer Contributions	To support affordable housing initiatives.	No Targets
SP13	Municipal Accommodation Tax Reserve Fund	Funding to support local tourism and local events.	Transient Accommodation Tax	Per O. Reg 435/17	No Targets

*Represents discretionary reserve funds that are supported by rate funding (e.g. water, sanitary and cemetery).

**Represents obligatory reserve funds and are referred to as deferred revenues on the Township's Financial Statements.