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Town of Aurora  
**Information Report**  
No. FIN25-027

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**Subject:** Historical Summary of the Town's Reserve Balances

**Prepared by:** Sandeep Dhillon, Senior Financial Management Advisor

**Department:** Finance

**Date:** May 13, 2025

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**In accordance with the Procedure By-law, any Member of Council may request that this Information Report be placed on an upcoming General Committee or Council meeting agenda for discussion.**

## **Executive Summary**

This report provides a summary of the Town's reserve balance history from 2009 to 2024, as well as a summary of any key impacting drivers to these reserves.

- Since 2009 the number of reserves and how they have been managed has changed significantly over time
- The Town adopted a more detailed set of asset management reserves in 2013 in support of enhanced capital planning and budgeting
- In 2015, the Town expanded Development Charge (DC) reserves to formally align with legislation
- Special purpose reserves are created and discontinued as needed
- Growth reserve balances may fluctuate from year to year because of development revenue inflows
- Changes to the capital budget framework improved the Town's ability to manage reserves in 2020
- Changes to the Development Charges Act resulted in the consolidation of indoor and outdoor recreation into a single service category in 2021

## **Background**

Reserves are one of the most important tools available to municipalities for achieving financial sustainability and flexibility. Reserves not only assist municipalities in managing risks, but they also play a role in the financing of capital costs and the

provision of affordable and stable services to constituents. Through the management of reserves, the Town can plan the future reserve draws and contributions needed to support its long-term capital plan.

During the March 4 Committee of the Whole meeting, Council requested that staff bring a report back providing a history of the Town's reserve balances from 2009 to 2024.

## **Analysis**

### **Since 2009 the number of reserves and how they have been managed has changed significantly over time**

The schedule of reserve fund (attachment 1) provides a detailed history of Town reserve balances from 2009 to 2024. However, year over year reserve balance comparison is not feasible from 2009 to 2021 because of the significant changes to the reserve structure or how the reserves are managed. Some of the prominent changes which impacted the number of reserves, and they are managed are discussed further in this report.

### **The Town adopted a more detailed set of asset management reserves in 2013 in support of enhanced capital planning and budgeting**

Prior to 2013, asset management capital budget was funded from a total of three reserves consisting of the Working Fund, Municipal Capital and Fleet & Equipment reserves.

In 2013 the Working Fund and Municipal Capital reserves were discontinued and new individual reserves for roads & related, facilities, information technology, parks and recreation were created.

### **In 2015, the Town expanded Development Charge (DC) reserves to formally align with legislation**

The Town has always collected development charges as per the services lines defined within the Development Charges Act (i.e. Roads & Related, Fire Services, etc.). However, up until 2015 the Town pooled all collected development charge revenues within a single reserve. Staff would track the balances for each specific service line in a separate spreadsheet. In 2015, the Town expanded the single development charge reserve to multiple reserves aligning with the service lines as defined within the Development Charges Act, eliminating the need for tracking on a spreadsheet outside of the financial system.

**Special purpose reserves are created and discontinued as needed**

Special Purpose reserves are funds set aside by Council, or in response to legislation, that provide financial capacity for specific purposes. These purposes have included the capture of prepaid development revenue in support of specific new infrastructure construction or the renewal of existing town infrastructure in the future.

These reserves may also capture building inspection fees, infrastructure design and street trees to be planted upon completion of the site and other similar items. Other special purpose funds have been established to provide for stabilization funding to protect the annual operating budgets from fluctuation due to periodic significant or unusual events, such as insurance claims or winter control reserve funds. Once a specific reserve is no longer required, it is closed.

**Growth reserve balances may fluctuate from year to year because of development revenue inflows**

The primary source of funding for many of the Town's growth reserves is revenue from development. When development activity is high, so are the Town's development revenues; however, the opposite is true when development slows. This may lead to a high reserve balance in a year that development activity is high and lower balances when the pace of development slows.

Some examples of growth reserve balances that are sensitive to changes in annual development include Development Charges, Cash In Lieu of Parkland, landscape fee, building and Community Benefit Charge reserves.

**Changes to the capital budget framework improved the Town's ability to manage reserves in 2020**

Changes to the Town's capital budget framework in 2020 improved the ability to manage reserves in support of the capital budget. A key change made related to the timing of when reserve funds were allocated toward capital projects. Prior to 2020, the Town would allocate reserve funds to a capital project upon budget approval, prior to any expenditure taking place. This tied up funds that were unlikely to be spent immediately.

However, as per the fiscal strategy pillar investment management, reserves should be managed in a way where we know when the funds are needed. Therefore, starting in 2020, the Town began allocating reserve funds to capital projects matching their actual expenditures. This enabled the town to optimize investment returns. Also, it improves

PSAS reporting as it aligns with the matching principle for deferred revenue (i.e. DC revenue cannot be recognized until it is used in capital development). This practice ensured no reserve funds were being unnecessarily tied up, allowing any funds that are not required immediately to be reallocated to other funding priorities and/or invested.

### **Changes to the Development Charges Act resulted in the consolidation of indoor and outdoor recreation into a single service category in 2021**

The Development Charge Act has undergone numerous changes since 2020. One such change included the consolidation of the individual indoor and outdoor recreational services into a single Parks & Recreation service. To ensure the Town remained compliant with the numerous changes the Development Charges Act, on June 22, 2022, Council approved amending DC Bylaw No. 6357-21. This bylaw's changes included the consolidation of the indoor and outdoor recreational services into the single Parks & Recreation service category. Upon this bylaw's approval staff followed suit consolidating the balances of the two individual recreation service reserves into single similarly named reserve.

### **Advisory Committee Review**

None

### **Legal Considerations**

None

### **Financial Implications**

There are no direct financial implications from this information report.

### **Communications Considerations**

The Town's reserve balances are posted on the Town's website annually.

### **Climate Change Considerations**

This report does not impact greenhouse gas emissions or impact climate change adaptation.

## **Link to Strategic Plan**

Reserve Management supports all aspects of the strategic plan. Specifically, this report supports the Plan principles of Leadership in Corporate and Financial Management, Leveraging Partnerships, and Progressive Corporate Excellence and Continuous Improvement.

## **Alternative(s) to the Recommendation**

1. None

## **Conclusions**

Through the management of reserves, the Town can plan the future reserve draws and contributions needed to support the long-term capital plan. By taking a long-term view of reserves, the Town can plan for future increases in asset management capital plan needs and more effectively fund them over time while minimizing the annual impact to tax and ratepayers.

## **Attachments**

Attachment 1 – Schedule of Reserve Funds

## **Previous Reports**

None

## **Pre-submission Review**

Agenda Management Team review on April 24, 2025

## **Approvals**

**Approved by Rachel Wainwright-van Kessel, CPA, CMA, Director, Finance**

**Approved by Doug Nadorozny, Chief Administrative Officer**

# Town of Aurora

## SCHEDULE OF RESERVE FUNDS

Shown in \$000's

Balance as of December 31st

(\$000's)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>A. Reserves for Asset Management</b>																
<b><u>Tax Rate Funded</u></b>																
Working Fund	\$2,135	\$2,153	\$2,204	\$2,290												
Municipal Capital	\$3,486	\$3,277	\$7,109	\$5,266												
Roads & Related					\$2,113	\$3,069	\$2,924	\$2,848	\$4,684	\$252	\$2,606	\$5,380	\$6,831	\$10,575	\$10,183	\$6,133
Federal Gas Tax Reserve	\$388	\$682	\$419	\$1,139	\$667	\$114	\$399	\$1,164	\$1,201	\$1,857	\$5,377	\$7,529	\$5,193	\$3,667	\$2,004	\$242
Facilities					\$528	\$1,309	\$609	\$832	\$427	\$536	\$1,102	\$5,617	\$7,141	\$8,119	\$7,392	\$8,847
Fleet & Equipment	\$125	\$74	\$149	\$233	\$751	\$920	\$1,209	\$1,355	\$968	\$895	\$1,068	\$1,758	\$931	\$3,365	\$3,735	\$4,345
Parks & Recreation					\$1,190	\$1,200	\$1,786	\$2,046	\$1,668	\$1,302	\$1,565	\$3,031	\$3,128	\$2,861	\$3,352	\$3,268
Information Technology					\$47	\$100	\$305	\$251	\$113	(\$120)	(\$1,036)	\$1,472	\$1,448	\$1,880	\$1,490	\$1,605
Discretionary R&R Reserve					\$148	\$18	(\$0)	(\$284)	(\$208)	(\$114)	(\$224)					
Emerald Ash Borer Remediation					\$100	\$97	\$99	\$100	\$101	\$103	\$349	\$319	\$206	\$144	\$118	\$122
St Max Artificial Turf					\$64	\$97	\$130	\$164	\$197	\$235	\$306	\$342	\$378	\$419	\$466	\$507
Ontario Community Infrastructure Fund (OCIF)					\$0	\$0	\$0	\$0	\$0	\$98	\$98	\$2	\$0	\$0	(\$45)	(\$165)
<b>Total Tax Rate Funded Asset Management</b>	<b>\$6,133</b>	<b>\$6,186</b>	<b>\$9,880</b>	<b>\$8,928</b>	<b>\$5,609</b>	<b>\$6,925</b>	<b>\$7,461</b>	<b>\$8,475</b>	<b>\$9,151</b>	<b>\$5,044</b>	<b>\$11,211</b>	<b>\$25,452</b>	<b>\$25,255</b>	<b>\$31,030</b>	<b>\$28,696</b>	<b>\$24,904</b>
<b><u>User Rate Funded</u></b>																
Water	(\$558)	(\$1,013)	(\$1,742)	(\$2,046)	(\$1,528)	(\$570)	\$810	\$4,281	\$6,061	\$6,912	\$7,559	\$8,917	\$10,726	\$12,148	\$12,430	\$12,578
Wastewater					(\$4)	\$449	\$833	\$516	\$682	\$1,633	\$1,005	\$1,877	\$3,272	\$4,886	\$6,348	\$7,943
Stormwater	\$1,372	\$1,065	\$1,846	\$485	\$2,610	\$4,482	\$3,315	\$4,092	\$3,688	\$1,879	\$3,469	\$7,613	\$8,932	\$11,140	\$13,909	\$14,225
<b>Total Utility Rate Funded Asset Management</b>	<b>\$814</b>	<b>\$52</b>	<b>\$104</b>	<b>(\$1,561)</b>	<b>\$1,079</b>	<b>\$4,360</b>	<b>\$4,958</b>	<b>\$8,888</b>	<b>\$10,431</b>	<b>\$10,424</b>	<b>\$12,033</b>	<b>\$18,408</b>	<b>\$22,930</b>	<b>\$28,174</b>	<b>\$32,686</b>	<b>\$34,746</b>
<b>Total Asset Management Reserves</b>	<b>\$6,947</b>	<b>\$6,238</b>	<b>\$9,984</b>	<b>\$7,367</b>	<b>\$6,688</b>	<b>\$11,285</b>	<b>\$12,419</b>	<b>\$17,363</b>	<b>\$19,582</b>	<b>\$15,468</b>	<b>\$23,244</b>	<b>\$43,859</b>	<b>\$48,186</b>	<b>\$59,204</b>	<b>\$61,382</b>	<b>\$59,650</b>
<b>B. Reserves for New Infrastructure</b>																
<b><u>Development Charges (DC) Reserve Funds</u></b>																
Development Charges Reserve Funds	\$3,168	\$3,243	\$124	(\$6,536)	(\$12,317)	(\$8,898)										
General Government							(\$911)	(\$711)	(\$662)	(\$513)	(\$331)	(\$203)	\$571	\$241	\$443	\$356
Fire Services							\$1,427	\$504	\$322	(\$3,126)	(\$3,527)	(\$1,961)	(\$2,206)	(\$2,433)	(\$2,203)	(\$2,061)
Outdoor Recreation DC							(\$3,927)	(\$2,377)	(\$3,936)	(\$12,347)	(\$14,969)	(\$3,005)				
Indoor Recreation DC							(\$4,815)	\$3,714	\$5,207	\$3,982	\$5,277	\$8,403				
Parks & Recreation													\$1,974	\$4,171	\$3,069	(\$1,709)
Library Services							\$2,270	\$3,797	\$3,831	\$3,266	\$3,377	\$3,383	\$1,193	\$1,612	\$1,974	\$68
Municipal Parking Services							\$304	\$328	\$336	\$350	\$365	\$375	\$396	\$414	\$431	\$429
Roads & Related							\$7,765	\$7,540	\$6,636	\$5,977	\$7,927	\$9,835	\$12,850	\$14,765	\$14,357	\$17,838
Water							\$794	\$1,213	(\$22)	(\$881)	\$488	\$739	\$1,010	\$1,211	\$1,365	\$1,802
Sewers							\$3,036	\$1,826	\$510	\$149	\$551	\$623	\$1,119	\$1,480	\$1,750	\$2,302
<b>Total Development Charges</b>	<b>\$3,168</b>	<b>\$3,243</b>	<b>\$124</b>	<b>(\$6,536)</b>	<b>(\$12,317)</b>	<b>(\$8,898)</b>	<b>\$5,944</b>	<b>\$15,832</b>	<b>\$12,223</b>	<b>(\$3,143)</b>	<b>(\$841)</b>	<b>\$18,189</b>	<b>\$16,908</b>	<b>\$21,460</b>	<b>\$21,186</b>	<b>\$19,025</b>

## Town of Aurora SCHEDULE OF RESERVE FUNDS

Shown in \$000's

Balance as of December 31st

(\$000's)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Non DC New Infrastructure Reserve</b>																
Growth & New Capital Reserve					\$1,255	\$1,362	\$577	(\$82)	\$43	(\$2,647)	(\$1,002)	\$1,892	\$2,378	\$4,302	\$5,548	\$7,864
Studies & Other Capital Reserve					\$340	\$403	\$599	\$1,178	\$1,179	\$906	\$431	\$1,024	\$868	\$1,127	\$1,599	\$1,512
Dev/Sale of Municipal Lands	(\$1,210)	(\$1,242)	(\$243)	(\$2,011)	(\$1,571)	(\$1,623)	\$1,880	(\$8)	(\$119)	\$7,063	\$10,256	\$11,223	\$3,552	\$3,470	\$3,566	\$3,600
Byrw/Wlgtn Laneway Replacement	\$23	\$28	\$33	\$39												
Syphon Annuity	\$41	\$41	\$42	\$44												
Heron Annuity	\$45	\$45	\$46	\$48	\$49	\$50										
Cash in Lieu of Parkland	\$11,204	\$11,645	\$11,213	\$12,678	\$12,581	\$14,507	\$8,595	\$4,445	\$7,140	\$8,521	\$13,188	\$14,787	\$19,773	\$25,127	\$26,416	\$11,129
Cash in Lieu of Parking	\$3	\$3	\$3	\$73	\$75	\$76	\$77	\$78	\$79	\$81	\$84	\$82	\$40	\$41	\$43	\$43
Parks New Capital	\$677	\$681	\$602	\$571	\$584	\$584	\$582	\$627	\$633	\$649	\$670	\$695	\$692	\$708	\$734	\$749
Municipal Roads Infrastructure	\$693	\$408	\$418	\$434												
Community Benefit Fee							\$1,452	\$1,885	\$1,961	\$2,553	\$2,633	\$2,672	\$2,685	\$250	\$410	\$418
Engineering Inspections Fees	\$3,644	\$3,327	\$2,666	\$2,356	\$2,323	\$3,140	\$2,706	\$2,386	\$2,089	\$2,144	\$2,212	\$2,262	\$2,273	\$2,328	\$2,414	\$2,450
Landscape Inspection Fees	\$762	\$672	\$342	\$233	\$347	\$1,184	\$1,835	\$2,071	\$1,665	\$1,787	\$1,935	\$2,120	\$2,366	\$2,558	\$2,570	\$2,975
Other Development Revenue in Support of																\$907
<b>Total New Infrastructure Reserves</b>	<b>\$19,051</b>	<b>\$18,852</b>	<b>\$15,246</b>	<b>\$7,930</b>	<b>\$3,666</b>	<b>\$10,786</b>	<b>\$24,247</b>	<b>\$28,412</b>	<b>\$26,893</b>	<b>\$17,914</b>	<b>\$29,565</b>	<b>\$54,946</b>	<b>\$51,534</b>	<b>\$61,371</b>	<b>\$64,486</b>	<b>\$50,671</b>
<b>C. Reserve Funds for Special Purposes</b>																
<b>Stabilization</b>																
Tax Rate Stabilization	\$266	\$268	\$566	\$325	\$3,285	\$2,691	\$3,765	\$4,324	\$4,850	\$4,695	\$7,101	\$8,256	\$9,306	\$6,276	\$6,890	\$6,405
Future Legal	\$612	\$399	\$48	\$50												
Election Reserve	\$199	\$59	\$83	\$148	\$212	\$67	\$141	\$226	\$312	\$122	(\$160)	\$258	\$352	\$237	\$380	\$494
WSIB	\$625	\$757	\$917	\$1,092	\$1,222	\$650	\$700	\$734	\$767	\$815	\$872	\$888	\$1,039	\$1,192	\$1,211	\$1,614
Debt Deferral - Library	(\$2,360)	(\$2,353)	(\$2,160)	(\$2,010)	(\$1,777)	(\$1,536)	(\$1,287)	(\$1,030)	(\$758)	(\$484)	(\$210)	\$82				
Insurance Reserve	\$272	\$274	\$25	\$26											\$185	\$370
Winter Control Reserve Fund	\$83	\$153	\$86	\$90					\$505	\$518	\$534	\$542	\$545	\$786	\$855	\$961
<b>Total Stabilization Reserves</b>	<b>(\$304)</b>	<b>(\$442)</b>	<b>(\$435)</b>	<b>(\$280)</b>	<b>\$2,942</b>	<b>\$1,871</b>	<b>\$3,319</b>	<b>\$4,254</b>	<b>\$5,676</b>	<b>\$5,666</b>	<b>\$8,137</b>	<b>\$10,026</b>	<b>\$11,242</b>	<b>\$8,491</b>	<b>\$9,522</b>	<b>\$9,844</b>
<b>Other Special Purposes Reserves</b>																
Trails Donations							\$4	\$4	\$4	\$5	\$2	\$2	\$2	\$123	\$128	\$130
Green Initiatives					\$23	\$56	\$85	(\$23)	\$53	\$158	\$205	\$228	\$264	\$325	\$375	\$412
Heritage Fund						\$241	\$245	\$247	\$236	\$242	\$317	\$321	\$323	\$331	\$343	\$350
Church Street School	\$1	\$1	\$1	\$1	\$1	\$1										
PW Infrastructure Management	\$537	\$5	\$13	\$14												
Accessibility Advisory	\$171	\$123	\$39	\$2	\$0	\$0										
Whitwell Donation	\$119	\$135	\$134	\$140	\$143	\$3										
Zoning By-Law Review	\$38	\$19	\$0	\$0	\$0	\$0										
Arts & Culture	\$66	\$53	\$65	\$63	\$64	\$60	\$56	\$52	\$47	\$43	\$39	\$35	\$35	\$36	\$33	\$33

## Town of Aurora

### SCHEDULE OF RESERVE FUNDS

Shown in \$000's

Balance as of December 31st

(\$000's)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Other Special Purposes Reserves - Cont'd</b>																
Public Art							\$0	\$0	\$0	\$84	\$87	\$88	\$347	\$355	\$368	\$375
Parks & Rec Participant Sponsorship	\$2	\$5	\$5	\$5	\$5	\$6	\$20	\$27	\$41	\$54	\$69	\$70	\$71	\$101	\$113	\$152
Cenotaph Restoration/ War Memorial	\$10	\$3	\$3	\$3	\$3	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Recreation Sponsorships							\$0	\$45	\$103	\$147	\$214	\$347	\$375	\$488	\$635	\$733
John West Memorial Scholarship Award							\$30	\$29	\$29	\$30	\$29	\$29	\$29	\$30	\$31	\$30
Economic Development Reserve Fund									\$598	\$454	\$379	\$413	\$400	\$431	\$406	\$426
Building Department - Bill 124	\$3,018	\$2,630	\$1,903	\$1,081	\$203	\$403	\$2,416	\$4,146	\$5,404	\$5,487	\$5,700	\$5,602	\$5,860	\$6,350	\$6,523	\$6,015
Ballymore Pumping Station	\$84	\$87	\$89	\$93												
Bayview Pumping Station	\$20	\$22	\$23	\$24												
Beavertop Reserve	\$96	\$96	\$99	\$103												
Aurora Sports Dome													\$805	\$292	\$588	\$542
Provincial Grants													\$2,485	\$1,359	\$910	\$739
Federal Grants													\$0	\$17	\$0	\$23
Other Grant Reserve													\$0	\$1	\$13	\$27
Tree Compensation Fee Reserve													\$357	\$625	\$901	\$1,592
Hydro Sale Investment Reserve Fund	\$32,563	\$32,239	\$32,392	\$33,056	\$33,753	\$34,453	\$35,478	\$36,336	\$36,014	\$30,992	\$32,432	\$32,936	\$33,799	\$33,254	\$13,071	\$2,079
Council Discretionary Reserve Fund	\$1,278	\$1,292	\$1,323	\$1,177	\$1,034	\$1,134	\$1,151	\$1,020	\$877	\$38	\$39	\$40	\$40	\$41	\$43	\$44
<b>Total Other Special Purposes</b>	<b>\$38,004</b>	<b>\$36,711</b>	<b>\$36,090</b>	<b>\$35,763</b>	<b>\$35,230</b>	<b>\$36,361</b>	<b>\$39,490</b>	<b>\$41,886</b>	<b>\$43,411</b>	<b>\$37,737</b>	<b>\$39,516</b>	<b>\$40,115</b>	<b>\$45,194</b>	<b>\$44,163</b>	<b>\$24,483</b>	<b>\$13,706</b>
<b>Total Special Purposes Reserves</b>	<b>\$37,700</b>	<b>\$36,268</b>	<b>\$35,655</b>	<b>\$35,482</b>	<b>\$38,172</b>	<b>\$38,233</b>	<b>\$42,809</b>	<b>\$46,141</b>	<b>\$49,087</b>	<b>\$43,404</b>	<b>\$47,653</b>	<b>\$50,141</b>	<b>\$56,436</b>	<b>\$52,654</b>	<b>\$34,005</b>	<b>\$23,551</b>
<b>Total Town's Reserve's</b>	<b>\$63,698</b>	<b>\$61,359</b>	<b>\$60,885</b>	<b>\$50,780</b>	<b>\$48,526</b>	<b>\$60,303</b>	<b>\$79,475</b>	<b>\$91,915</b>	<b>\$95,562</b>	<b>\$76,785</b>	<b>\$100,461</b>	<b>\$148,946</b>	<b>\$156,156</b>	<b>\$173,228</b>	<b>\$159,874</b>	<b>\$133,872</b>

\*Grey highlighted cell indicates that the reserve did not exist in that year.