 <b>COBOURG</b>	<b>THE CORPORATION OF THE TOWN OF COBOURG</b>	
	<b>STAFF REPORT</b>	
TO:	Mayor and Council	
FROM: TITLE:	Jen Heslinga Senior Financial Analyst	
DATE OF MEETING:	November 16, 2020	
TITLE / SUBJECT:	Reserve projections for year-ending 2020	
REPORT DATE:	November 3, 2020	File #:

1.0 STRATEGIC PLAN  
N/A

2.0 PUBLIC ENGAGEMENT  
N/A

3.0 RECOMMENDATION  
That council use the attached report for information purposes and analysis as they prepare for the 2021 budget deliberations; and strategize which projects should continue in accordance with the Town's strategic objectives.

And advise staff if any amendments should be made for transfers to/from reserves based on amendments to capital and operating projects in 2020.

4.0 ORIGIN  
Resolution 431-15, Policy # FIN-ADM2, Reserve Fund Policy, October 5, 2015

Municipal Act, Part VII Section 293 Financial Administration, Regulations, reserve fund

Resolution 022-20, Council approved 2020 operating, capital and environmental budgets, February 3, 2020

## 5.0 BACKGROUND

Reserve and Reserve Funds are a management tool used to accumulate funds over time to assist in long term planning, asset management, fluctuations in the economy, and/or budget shortfalls, to maintain consistent levels of service and avoid drastic fluctuations in tax rates.

Reserves should only be used to offset one time operating and capital expenses. Traditionally, the Town of Cobourg has not used reserves to reduce increases associated with an overall tax levy increase, as this would increase the tax burden in future years, while diminishing reserve balances.

As part of the annual budget process, Town staff make recommendations on contributions to reserves in order to plan for future operating and capital requirements. Withdrawals from reserves are also budgeted for ongoing projects that were previously approved. The Treasurer and finance staff monitor these funds regularly and make contributions and withdrawals based on the council approved budget transfers.

## 6.0 ANALYSIS

The attached report provides a summary of the approved budget transfers to/from reserves for the 2020 fiscal period, with an estimated projection of ending balances. The first column provides the audited, 2019 final reserve balances. The next two columns summarize the transfers out of reserves for operating and capital purposes; while the fourth column illustrates the budgeted transfer into the reserves. The final column is a summation of beginning balances plus transfers in, less transfers out, providing a projection of 2020 ending balances.

It should be noted that these are not final 2020 reserve balances, but rather a conservative estimate as though the maximum 2020 budget was spent, and transfers completed for those projects were funded through reserves.

This projection does not account for any deferred projects that have been delayed on account of the pandemic or other cost saving measures the Town has implemented.

Federal and Provincial grants that have been received in 2020, such as the Safe Restart Agreement, will be placed into their own dedicated pandemic reserve, for the Treasurer to monitor and allocate.

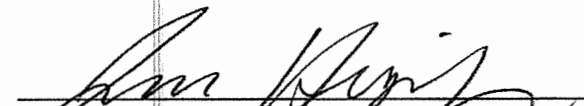
## 7.0 FINANCIAL IMPLICATIONS/BUDGET IMPACT

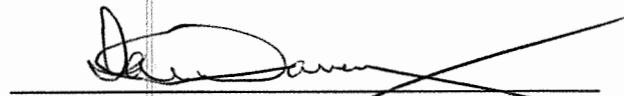
N/A


8.0 CONCLUSION

The ongoing COVID-19 pandemic has created an environment of unknowns, and full financial implications have not been realized. The Town continues to implement cost saving measures, and will consider using reserves and reserve funds to offset significant impacts to the tax base while also considering the heightened importance of continuing to contribute to reserves.

12.0 AUTHORIZATION/SIGNATURES

  
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Senior Financial Analyst

  
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Ian D. Davey, BBA CPA CA  
Treasurer / Director of Corporate Services

  
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Tracey Vaughan  
CAO