



# Staff Report to Council - for Information

**Title:** Working Fund Reserve 2023 Activity and 2024 Projection

**From:** Lynn Hatten, Acting Director of Corporate Services

**Date:** May 16, 2024

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## Report Purpose:

The Working Fund Reserve 2023 Activity and 2024 Projection report is for information.

## Report Summary:

The purpose of the Working Fund Reserve is to provide short-term financing of the County's operations until the receipt of tax levies from local municipalities. At December 31, 2023 the Working Fund Reserve had a balance of \$2,051,716 and a projected balance of \$2,095,967 as of December 31, 2024. The report summarizes the activity of the reserve over the last year, and the anticipated activity for the coming year.

## Background:

The following is a review of the projects that have been previously approved by Council and that are currently being financed from the Working Fund Reserve with repayment arrangements in place. Projects marked with an asterisk completed repayment in 2023.

The maximum approved borrowing includes the following projects:

Project	Amount
Purchase of 268 Berford Street (Peninsula Hub)	\$560,000
Long Term Care Nurse Call System (Gateway)	\$359,000
Administration Center, Park Street Renovations	\$150,000
Transportation - Wiarton Depot*	\$1,194,000
Support the Bruce: Business Sustainability Fund*	\$534,000
County Vehicle Lease Buy Out	\$50,000
Municipal Modernization: Digital Integration Platform*	\$175,000
Teeswater Bridge: Interim Financing	\$1,180,391

In 2023 Council budgeted to fund \$1,180,391 of the Teeswater River Bridge project on a short-term basis from the Working Fund until cashflows from the capital infrastructure levy were sufficient to cover the project costs. Federal funding and budgeted levy contribution were utilized to cover the majority of the 2023 project invoices received due to timing, resulting in borrowing of only \$454,850 from the reserve and repayments of \$510,906. The

remaining impact of this project to the Working Fund reserve will be seen in 2024, including full repayment by the end of the year.

The following table outlines the 2024 activity for each of the projects that have borrowed from the Working Fund, as well as anticipated repayment dates.

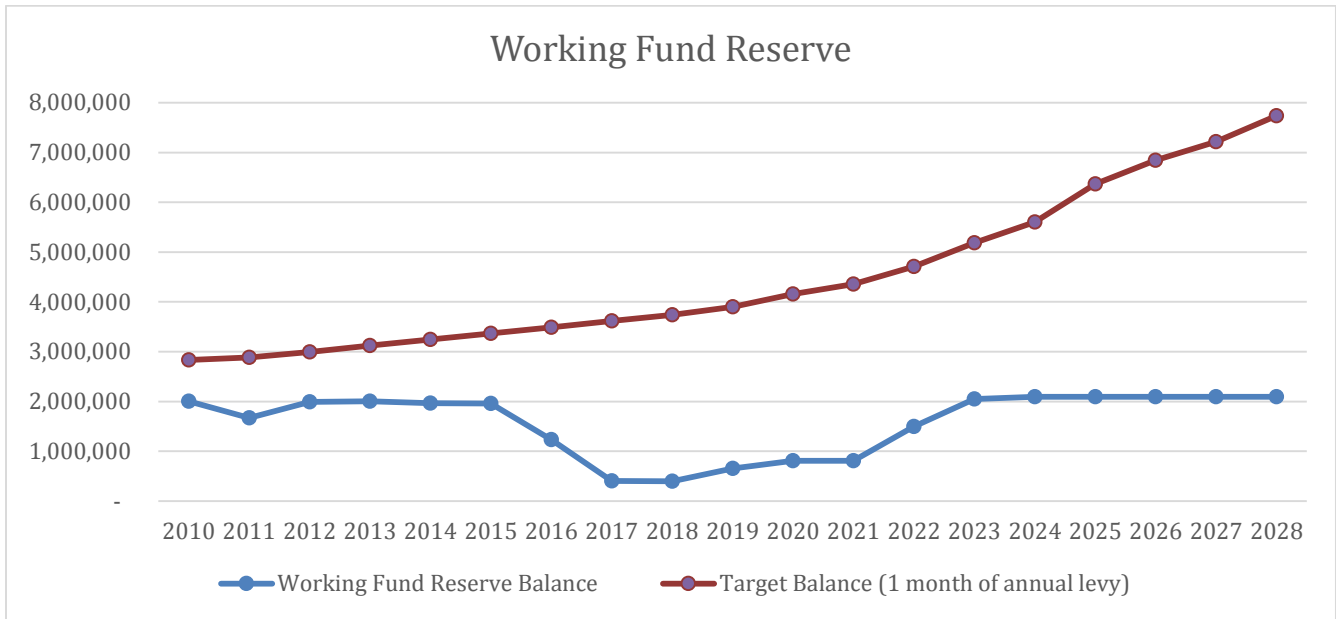
Amounts Borrowed Against Working Fund	Balance Owing Dec 31, 2023	2024 Borrowing	2024 Repayment	Balance Owing Dec 31, 2024	Last Year of Repayment
Peninsula Hub	320,000		40,000	280,000	2031
Nurse Call System	134,474		25,000	109,474	2028
Inland Hub Renovations	50,000		15,000	35,000	2027
Corporate Vehicle Lease Buy Out	20,307		20,307	0	2024
Teeswater Bridge	(56,056)	725,541	669,485	0	2024
<b>Total</b>	<b>468,725</b>	<b>725,541</b>	<b>769,792</b>	<b>424,474</b>	

**Financial/Staffing/Legal/IT Considerations:**

The County should continue to repay the borrowed funds according to the schedule and no longer use the Working Fund Reserve to fund projects. The Working Fund exists to provide funds to the County to pay its payroll, invoices and bills until it receives its quarterly levy, which is paid to the County by the local municipalities at the end of the quarter. While the County has an overdraft facility which allows it’s bank accounts to go into the negative, this should be used sparingly for unexpected circumstances. Holding appropriate funds in the Working Fund Reserve prevents the organization from relying on these credit facilities.

In recent years, the County has made efforts to increase transfers to reserves to ensure adequate funds are available for budgeted needs and a cushion for emergencies and unexpected expenses are available. The Taxation Stabilization Reserve would be seen as the appropriate source for future one-time project expenses if a specific departmental reserve did not exist, or did not have sufficient funding.

The following is a chart showing the Working Fund Reserve balance in blue and the recommended balance in red. The gap between the target and the balance continues to grow even after full reimbursement of existing borrowing. Once sufficient funds have been established in the Tax Stabilization Reserve it is recommended that some funds be redirected to rebuild the Working Fund Reserve towards the target balance.



Other than those identified in the report, there are no other staffing, legal or ITS considerations associated with this report.

**Interdepartmental Consultation:**

Council has approved the internal borrowing identified in this report.

**Link to Strategic Goals and Objectives:**

Growth and Innovation - Promote responsible growth

**Departmental Approval:**

Lynn Hatten, Acting Director of Corporate Services

**Approved for Submission:**

Sean Morphy, Deputy Chief Administrative Officer