

Reserve and Reserve Fund Descriptions

Reserve / Reserve Fund	Purpose	Funding Source (Revenue)	Intended Use (Expenditure)	Funding Target
<b>Reserves &amp; Reserve Funds for Tax-Supported Operating Reserves</b>				
Contaminated Sites Grant Program	To provide a source of funding for unanticipated contamination issues.	Contribution from the Operating Budget and/or any unspent funds in the contaminated sites grant program within the Operating Budget as determined through a year-end review.	To assist with the restoration costs of contaminated sites for development in core areas, in accordance with the Contaminated Sites Grant Program.	N/A
Building Revitalization Program	To act as a revolving loan fund to support the Building Revitalization Program.	Contributions from the Operating Budget and through cyclical repayment of loans.	To be used as a revolving fund to advance loans/grants, cover related administration costs and to receive loan repayments for the Building Revitalization Program.	N/A
Rate Stabilization	To provide a contingency for unforeseen events, stabilize tax rate fluctuations caused by one time expenditures, previous years' operating deficits or revenue shortfalls and to maintain the City's cash flow by minimizing the need for short term borrowing.	Year-end city Operating surplus and/or contribution from the Operating Budget.	To offset extraordinary one-time pressures or phase-in significant impacts affecting the general levy and not to be considered a long-term sustainable funding source for general operations. To fund Operating Deficits	5%-15% of tax revenues. Once upper end of the target has been reached, the operating surplus will be transferred to a Tax Funded Reserves/Reserve Funds of greatest need.
Hydro Dividend Stabilization	To hold the proceeds of the Hydro Dividend in excess of the Operating Budget and to fund debt repayments on specified Capital projects.	Contributions from the Operating Budget and/or dividend proceeds from Energy Plus.	Contributions to the Operating Budget.	One year of dividend proceeds net of debt obligations.
<b>Discretionary Reserve Funds</b>				
Capital Works Debt Retirement	To stabilize the Operating impact of any debt repayments.	Contributions from the Operating Budget, Investment Income and other sources approved by Council.	To fund debt payments to ensure the Operating impact remains consistent over the budget period.	Reviewed annually to reconcile to the Principal and Interest payments.
Future Employee Benefits	To provide a source of financing to fund the cost of future employee benefits.	Contributions from the Operating Budget, Investment Income and other sources approved by Council.	To fund the cost of future employee benefits provided by the City along with the Early Retirement Incentive Program or similar programs however the Reserve is not to be depleted more than 10% for this purpose, with the limit being based on the opening balance in the fund at the beginning of the year.	Per actuarial review.
Workplace Safety & Insurance	To hold funds for the payment of qualified WSIB claims and other expenses to minimize tax rate impacts.	Contributions from the approved Operating Budget.	To assist in funding unforeseen WSIB claims and administrative expenditures.	Per actuarial review.
Heritage Conservation	To invest in architectural conservation.	Contribution from the Operating Budget and/or any unspent funds in the heritage grant program within the Operating Budget as determined through a year-end review.	To fund the acquisition, preservation and ongoing rehabilitation of heritage facilities or items of architectural/cultural significance.	N/A
Archives	To stabilize the annual costs related to conservation or acquisition of archival materials.	Contribution from unused budget allocations in the Operating Budget for conservation and acquisition of archival material.	To finance conservation or acquisition of archival materials.	Not to exceed \$50,000 and expenditures from the fund in any year will not exceed that year's budget allocation for acquisition and conservation unless such expenditure has the proper approval of Council.

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Election	To amortize the cost of a municipal election over 4 years, rather than expensing the entire amount in the year of the election.	Contribution from the Operating Budget.	To fund election related operating expenditures.	Forecasted direct election expenditures.
Winter Maintenance	To offset the significant unfavorable winter maintenance operating budget variances due to severe winter conditions.	Contribution from the Operating Budget, and/or any surplus winter maintenance funds in the operating budget, as determined through year end review.	To fund any shortfall in the winter maintenance operating budget or defray costs of winter control in the City.  If winter permits the need for summer-type activities, i.e. street sweeping and cleaning, the required funds will be utilized from the Winter Maintenance Reserve Fund with the approval of the City Manager.	Maximum of 75% of the current year's budget. Any funds in excess of the ceiling will be allocated to the Rate Stabilization Reserve.
Self Insurance	To fund any unforeseen claims that cause the city to go above the annual Insurance Operating Budget.	Contribution from the Operating Budget and/or any unspent funds from the Insurance Operating Budget as determined through a year-end review.	To fund unforeseen claims and/or insurance deductible costs in excess of budget as determined through a year-end review.	Fund is not to exceed \$5 million.
Affordable Housing	To hold funds for the purpose of the provision of affordable rental housing.	Funds to be derived from bonusing agreements entered into and registered on property title under Section 37 of the Planning Act, negotiated on a site-by-site basis through bonusing agreements as part of the development approvals process. Funds may also be derived from conditions of plans of subdivisions/site plans, and from donations.	Funding would supplement the funding available through the Affordable Housing Community Improvement Plan. Funding may also be directed to the acquisition of land and construction costs directly related to the creation of affordable rental units. Funding would not be used for any costs associated with the operation, maintenance or repairs of existing or planned future affordable rental units. Funds are not intended to be used to finance any studies or consultant fees.	N/A
Replacement Tree Planting	To hold funds for the purpose of planting trees in locations within the City other than the location where a tree has been removed.	Funds derived from the permit process as per the Private Tree Preservation By-Law.	Funds will be spent on replacing trees in locations within the City other than the location where a tree has been removed.	N/A
Municipal Accommodation Tax	To hold and segregate the City's portion of the Municipal Accommodation Tax revenue.	The City's portion of funds derived from the Municipal Accommodation Tax, as per the Municipal Accommodation Tax By-Law.	Funds may be used for: market research; tourism, sport and cultural infrastructure (permanent and event related); bid and grant funding for international, national and provincial-scale events; major festival and event expansion/development; one-time festival, sport and event acquisition costs; sport/festival/event infrastructure – permanent or one-time infrastructure such as washrooms, seating, staging, fencing, wi-fi etc.; collaborative tourism marketing efforts; additional staff resources, if required, to support efforts above.	N/A
<b>Library Discretionary Reserve Funds</b>				

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Facility Maintenance - Library	Created as a sub-reserve of the Facility Maintenance Reserve Fund to provide long term sustainable funding for replacements, retrofits and renovations of city library facilities.	Contributions from the Operating Budget.	To fund replacements, retrofits or renovation items. If an item is:  (a) less than \$50,000 - Expenditure forecast created in the Operating Budget with a contribution from the Facility Maintenance Reserve Fund.  (b) greater than \$50,000 - Expenditure forecast created as a Capital Project with financing from the Facility Maintenance Reserve Fund and/or any other financing sources.	Ceiling is to be based on life cycling of the asset components.
Book Processing -Library	To stabilize the annual handling and cataloguing costs of new books purchased by the Cambridge Library Board within the Library Operating Budget.	From revenue fund allocations of the Library Operating Budget.	To cover handling and cataloguing costs of new books purchased by the Cambridge Library Board.	N/A
Book Purchase-Library	To stabilize the annual book purchase costs for the Cambridge Library Board within the Library Operating Budget.	From revenue fund allocations of the Library Operating Budget.	To defray costs for the purchase of books for the Cambridge Library Board.	N/A
<b>Water Utilities Discretionary Reserve Funds</b>				
Wastewater Rate Stabilization	To provide a contingency for unforeseen events and stabilize Wastewater rate fluctuations caused by one time expenditures, previous years' operating deficits or revenue shortfalls.	Funds from an annual Wastewater Operating Budget contribution that is reviewed annually to ensure compliance.  And, 50% of the year end surplus from the Wastewater Operating Fund until the Funding Target is reached.	To offset extraordinary one-time pressures or phase-in significant impacts affecting the Wastewater rate and not to be considered a long-term sustainable funding source for general operations. To cover Wastewater Deficits.	Target balance between 5% to 15% of the rate revenue requirements as determined each year for the Wastewater Operating Budget.
Water Rate Stabilization	To provide a contingency for unforeseen events and stabilize Water rate fluctuations caused by one time expenditures, previous years' operating deficits or revenue shortfalls.	Funds from an annual Water Operating Budget contribution that is reviewed annually to ensure compliance.  And, 50% of the year end surplus from the Water Operating Fund until the Funding Target is reached.	To offset extraordinary one-time pressures or phase-in significant impacts affecting the Water rate and not to be considered a long-term sustainable funding source for general operations. To cover Water Deficits.	Target balance between 5% to 15% of the rate revenue requirements as determined each year for the Water Operating Budget.
<b>Capital Discretionary Reserve Funds</b>				
Capital Works	To provide a source of financing for general capital projects.	Funded through an annual Operating Budget allocation.	To fund capital projects greater than \$50,000 as approved by Council including: the replacement and rehabilitation of capital infrastructure; studies and other projects; and to fund the portion of growth projects not eligible for alternative funding.	Fully sustainable funding of City owned Capital Assets (not including water and wastewater infrastructure) based upon life cycle and condition analysis.

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Capital Works Committed	Sub-reserve of the Capital Works Reserve Fund. To be used as a holding account for any committed capital works funds and committed tax increment grants.	Contributions from the Operating Budget, Reserve Transfers, Investment Income and other sources approved by Council.	To fund capital projects greater than \$50,000 as approved by Council including: the replacement and rehabilitation of capital infrastructure; studies and other projects; and to fund the portion of growth projects not eligible for alternative funding. To fund approved tax increment grants.	N/A
Wastewater Capital	To provide long term sustainable funding for the replacement and major rehabilitation of the Wastewater infrastructure.	Annual contribution from the Wastewater Operating Budget and 50% of the year end surplus from the Wastewater Operating Fund until such time as the cap within the Wastewater Rate Stabilization Reserve is reached.  When the cap within the Wastewater Rate Stabilization Reserve Fund is reached, then 100% of the year end surplus from the Wastewater Operating Fund will be transferred to the Wastewater Capital Reserve Fund.	To fund the replacement and major rehabilitation of the wastewater infrastructure for capital projects as identified in the Wastewater Capital Budget and to provide funding for emergency or unforeseen needs.	Based on capital forecast requirements as identified in the Wastewater long-range financial plan required as per O. Reg. 453/07.
Water Capital	To provide long term sustainable funding for the replacement and major rehabilitation of the water infrastructure.	Annual contribution from the Water Operating Budget and 50% of the year end surplus from the Water Operating Fund until such time as the cap within the Water Rate Stabilization Reserve is reached.  When the cap within the Water Rate Stabilization Reserve Fund is reached, then 100% of the year end surplus from the Water Operating Fund will be transferred to the Water System Capital Reserve Fund.	To fund the replacement and major rehabilitation of the water infrastructure for capital projects as identified in the Water Capital Budget and to provide funding for emergency or unforeseen needs.	Based on capital forecast requirements as identified in the Water long-range financial plan required as per O. Reg. 453/07.
Cemetery Improvements	To provide funds for the perpetual care of City-owned cemeteries.	28% of funds from the sale of internment rights and 20% of funds from the sale of a crypt. The amount will be recommended by the Community Services Department and adjusted from time to time as deemed necessary.	To fund improvements and replacements including buildings on cemetery lands, and general operation improvements and replacements.	N/A
Cemetery Land Purchase	To provide funds for cemetery expansion including any land acquisition.	1% of funds from the sale of internment rights and 1% of funds from the sale of a crypt. The amount will be recommended by the Community Services Department and adjusted from time to time as deemed necessary.	To fund cemetery expansion.	N/A
Columbarium Purchase	To provide funds for the replacement of the City's columbarium units.	31% of all niche sales and 52% of funds from the sale of a crypt.	To fund the replacement of the City's columbarium units, when all niche compartments have been sold.	N/A

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Equipment	To fund the purchase of replacement fleet vehicles and equipment.	Contributions from the Operating Budget and/or any unspent funds from the Fleet Operating Budget as determined through a year-end review.	To fund the replacement of fleet equipment. Equipment excludes office equipment, furnishings or building equipment such as boilers, air conditioners, etc. To fund Fleet Operating Budget costs in excess of budget as determined through a year-end review.	Capped based on existing equipment levels and life cycle funding requirements.  Funds over the cap will be transferred to the Facility Maintenance Reserve Fund.
Facility Capital	To provide long term sustainable funding for replacements, retrofits and renovations of city facilities.	Contributions from the approved Operating Budget.	To fund replacements, retrofits or renovation items. If an item is:  (a) less than \$50,000 - Expenditure forecast created in the Operating Budget with a contribution from the Facility Maintenance Reserve Fund.  (b) greater than \$50,000 - Expenditure forecast created as a Capital Project with financing from the Facility Maintenance Reserve Fund and/or any other financing sources.	Ceiling is to be based on life cycling of the asset components.
Soccer Facility Capital	To hold funds for future capital rehabilitation, replacements and/or additions to the indoor soccer facility.	Contributions from monthly rental revenues generated under the terms and conditions of the Lease Amending Agreement between the Corporation of the City of Cambridge and Cambridge Youth Soccer.	For future capital rehabilitation, replacements and/or additions to the indoor soccer facility.	N/A
Public Art	To hold funds for the acquisition, maintenance and preservation of Public Art.	Annual Contributions of \$25,000 from the Capital Works Reserve Fund and 1% of the costs of approved civic capital projects be allocated with construction budgets of \$100,000 or more. The 1% allocation from any one project will not exceed \$200,000 as outlined in C-30.140 Public Art Policy.	To fund the acquisition, maintenance and preservation of Public Art.	N/A
Energy Conservation	To act as an internal revolving loan fund to support Energy Conservation.	Based on repayment terms established for project loans and the investment of principal balances not allocated to projects at any point in time. The repayment of these loans will be from the Operating Budget savings as a result of the energy conservation projects.	To finance energy conservation projects through internal borrowing, to make these improvements available to the community earlier than would otherwise be possible.	N/A
Economic Development	To acquire, service or develop land or to retire debt for industrial lands or services.	From the net proceeds from the sale of City owned Industrial lands.	To be used to purchase industrial lands and make any necessary changes to the land to make it suitable for industrial development, or to fund economic development specific projects within the City.	N/A

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Core Areas Transformation	Created as a sub-reserve of the Economic Development reserve fund with the objective of stimulating transformative investment to support city-building in the City's three urban core areas.	Initial source of funding derived through a transfer from the Economic Development reserve fund. Additional funding options could include assessment growth, hydro dividend revenue, internal borrowing from reserves, a property tax rate increase and/or a special capital levy.	To be used as a funding source to support initiatives that offer opportunities for partnerships with private sector companies, non-profits and public institutions in terms of long-term and legacy projects that will be catalysts for economic and residential growth, diversification, talent attraction, and increased employment promoting urban vitality in our core areas. As well, it will include opportunities for place-making projects that improve overall quality of life. The primary focus will be on bold community-building initiatives that draw people to live and work in our core areas.	N/A
Jacob Hespeler Field Capital	To hold funds for future capital rehabilitation, replacements and/or additions to the field, track, and related facilities and infrastructure at Jacob Hespeler Secondary School.	Contributions from monthly rental revenues generated under the terms and conditions of the License and Joint User Agreement between the Corporation of the City of Cambridge and Waterloo Region District School Board.	For future capital rehabilitation, replacements and/or additions to the field, track, and related facilities and infrastructure at Jacob Hespeler Secondary School	N/A
<b>Obligatory Reserve Funds</b>				
Cash in Lieu of Parking	To hold funds for the construction of municipal parking facilities in accordance with section 40(2) of the Planning Act, R.S.O. 1990.	Payments by developers in lieu of providing some or all of the parking required under zoning by-laws.	To provide funds to acquire land, parking lot construction, landscaping, parking lot lighting and long term parking lot maintenance.	N/A
Gas Tax Reserve Fund	To provide funding for investments in Environmentally Sustainable Municipal Infrastructure Projects and Capacity Building Projects as per the Municipal Funding Agreement for the transfer of Federal Gas Tax revenue.	Semi-annual allocation of funds from the AMO on behalf of the Federal Government per the Agreement for the Transfer of Federal Gas Tax Revenues.	Funds will be spent according to the standing legislation regarding the use of Gas Tax Funding.	Funding Agreement requires that all excess funds are to be placed in the Gas Tax Reserve Fund to be allocated to future Capital Gas Tax Projects.

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Development Charges - Sanitary Sewer	To defray net capital costs of growth-related services which may be provided by the City and for which the funds were raised.	Development charges as outlined in the Development Charge Study.	To fund growth related costs as outlined in the Development Charge Study.	Funding targets are based on Development Charge Study requirements.
Development Charges - Storm Sewer				
Development Charges - Watermains				
Development Charges - Roadways				
Development Charges - Indoor Recreation				
Development Charges - Outdoor Recreation				
Development Charges - Fire				
Development Charges - Library				
Development Charges - Works Yard				
Development Charges - Engineering Studies				
Dev Charges - General Government				
Dev Charges - Parking				
Parkland Cash in Lieu	In lieu of conveying parkland within the planned development, a developer may opt to provide the City with cash-in-lieu; the City then takes on the responsibility of parkland development within the community.	Under Section 42, 51.1 & 53(13) of the Planning Act, R.S.O. 1990, c. P.13 municipalities are given the authority to request the conveyance of land to the City for parks at a rate of 5% for residential development and 2% of industrial and commercial development. Cash in lieu of parkland can be taken at the discretion of the municipality.	To provide funds to acquire active and/or passive parkland and the associated costs of getting the land ready for its intended purpose.	N/A
Building Permit Stabilization	To provide a contingency for unforeseen reduced revenues resulting from economic downturn, stabilize building permit rate fluctuations caused by one time expenditures, previous years' operating deficits in Building operations or revenue shortfalls.	From Building Permit Fees collected in excess of the annual Operating Budget.	To fund any shortfall in the annual Building Permit Fee Operating Budget.	Targeted ceiling of 150% of operating expenditures.