

# Grand River Conservation Authority

## PURPOSE OF RESERVES & GUIDELINES FOR CALCULATING AMOUNTS

Reserves	Purpose and Guidelines
<b>RESERVES WITH OUTSIDE CONTROL</b>	
Gravel	For expenses that are in accordance with MNRF policies (including land purchases) and for water treatment capital expenditures. Any gravel income would be added to this reserve.
Land Sale Proceeds	Reserve established via land sale proceeds net of selling costs and costs to prepare land for sale. Expenditures funded by this reserve must be in accordance with Ministry of Natural Resources and Forestry (MNRF) policies. Following the 2018 June provincial election the Lieutenant Governor in Council assigned ministerial power for conservation authorities from MNRF to the Ministry of Environment, Conservation and Parks (MECP). In 2022, power for conservation authorities transferred back to MNRF. Funds were borrowed from this reserve to fund major maintenance of GRCA turbines and the reserve are was repaid with interest in 2020. During 2018 approval received from MNRF to utilize up to \$1.8 million over the period 2018 to 2021 for hazard tree management.
Nature Centres	For building major maintenance and repairs.
<b>GRCA CONTROLLED RESERVES</b>	
Property & Liability Insurance	For losses not covered by our property and liability insurance policies and to cover deductibles as necessary. Reserve was established with premium savings realized at the time GRCA increased the deductibles.
Building and Mechanical Equipment	For head office large repairs and maintenance (office renovations, roof, roads, boiler room, air conditioning) and for replacement of small office equipment.
Personnel	For unbudgeted expenses related to compensation and benefits including: restructuring, severance, sick leaves, vacation liability, emergency costs (i.e. flood overtime, pandemic), LTD severance. In 2022 added expenses related to Canada Emergency Wage Subsidy (CEWS) interest charges. If interest charges are refunded to GRCA the proceeds will be returned to this reserve.

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Transition – NEW 2021	Established in January 2021 (see ‘Budget 2021-draft#2) this reserve is for expenditures related to the transitioning of GRCA to new provincial regulations requirements and/or fund costs related to managing expenses impacted by COVID-19 or revenue losses due to COVID-19.
Category 1 & General Operating Expenses Stabilization – NEW 2024	NEW for 2024. This reserve represents Category 1 and General Operating Expenses actual annual net residual surplus, defined as the annual net operating surplus for Category 1 programs remaining following allocations to/for reserves in accordance with reserve guidelines and board motions and following any 2024 surplus allocated to the 2025 budget. This reserve serves to track surpluses generated by Category 1 and are to be used to fund Category 1 program deficits as needed and/or use of this reserve may be incorporated into future budgets for Category 1 programs.
Category 2 Stabilization – NEW 2024	NEW for 2024. This reserve represents Category 2 actual annual net residual surplus, defined as the annual net operating surplus for Category 2 programs remaining following allocations to/for reserves in accordance with reserve guidelines and board motions and following any 2024 surplus allocated to the 2025 budget. This reserve serves to track surpluses generated by Category 2 and are to be used to fund Category 2 program deficits as needed and/or use of this reserve may be incorporated into future budgets for Category 2 programs.
Category 3 Stabilization – NEW 2024	NEW for 2024. This reserve represents Category 3 actual annual net residual surplus, defined as the annual net operating surplus for Category 3 programs remaining following allocations to/for reserves in accordance with reserve guidelines and board motions and following any 2024 surplus allocated to the 2025 budget. This reserve serves to track surpluses generated by Category 3 and are to be used to fund Category 3 program deficits as needed and/or use of this reserve may be incorporated into future budgets for Category 3 programs.
Information Systems and Technology (formerly called Computer Replacement)	For computer equipment, telecommunications equipment and software. The reserve acts as a pool with operating and capital expenses funded by this reserve and then internal charges to departments used to replenish the reserve. Internal charges set to cover average annual cost (operating and capital) of information systems and technology.

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Cottage Operations	For cottage lot program common area service expenses (i.e. roads and hazard tree maintenance). Allows for smoothing of costs included in annual operating budget and available to fund unanticipated unbudgeted costs.
Grand River Water Management Plan	For expenses related to implementing and maintaining the Grand River Water Management Plan. Established with surplus realized in 2008.
Planning Enforcement	For expenses related to enforcement of planning regulations.
Forest Management	For expenses related to forest management (clarify: GRCA lands versus public lands as well). Each year Timber Sale revenue is allocated to the reserve and surplus from the Private Land Tree Planting program including Burford Nursery may be allocated to this reserve.
Property Rental	For unanticipated unbudgeted property rental expenses. Each year if the property rental program realizes a surplus an amount may be allocated to the reserve.
Cambridge Desiltation Pond	For expenses related to maintaining the City of Cambridge Pond as per agreement. City originally advanced funds to GRCA for this work. Each year actual expenditures are funded by this reserve.
Completion of Capital Projects	For expenses related to projects underway (committed). This reserve includes funds set aside for Upper Grand Restoration Projects and each year actual expenditures funded through this reserve.
Master Plans	For expenses related to preparing master plans for GRCA lands. Established in 2019 with \$120,000 input from GRCA 2018/2019 year-end surplus.
Water Management Operating – NEW 2022	For expenses incurred within the water management program operating expenses related to staffing for engineering positions. This reserve established by transferring \$1,000,000 from the ‘water control structures’ reserve.
General Capital	For expenses related to GRCA water management capital projects. This reserve was originally established with funds held for the Dunnville lock project which never proceeded.

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Gauges	For expenses related to construction of water monitoring gauges. Reserve established from prior years unspent flood forecasting and warning and gauge budgets.
Watershed Restoration (previously Wetland Acquisition)	For expenses related to wetland acquisitions or enhancements to wetlands in the watershed, natural heritage restoration projects, and conservation services watershed restoration projects.
Conservation Areas Capital/Stabilization	<p><u>Capital:</u></p> <p>For capital expenses that are unanticipated and/or budgeted for.</p> <p><u>Stabilization:</u></p> <p>To fund operating deficits.</p> <p>This reserve is increased in years when the conservation areas achieve an overall surplus including a surplus driven by the deferral of capital projects.</p>
Water Control Structures	For expenses related to major maintenance of water control structures. To extent that capital projects were budgeted for and not completed by year-end, any unspent amount will be placed in this reserve. This reserve will also be increased by any operating surplus realized by the Dam program. Allows for smoothing of costs included in annual operating budget and available to fund unanticipated unbudgeted costs.
Motor Pool Equipment Replacement	For motor pool equipment. The reserve acts as a pool with operating and capital expenses funded by this reserve and internal charges to departments used to increase the reserve. A target amount for this reserve is approximately 15% - 25% of replacement cost. Internal charges are set to cover average annual cost (operating and capital) of motor pool operations.
Motor Pool Insurance	For expenses related to non-insured vehicle damage/loss including deductibles. Reserve was established with premium savings realized at the time GRCA increased the deductibles.