

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor & Council

Department: Finance & Information Technology

Date: December 8, 2025

Subject: Reserve Transfers 2025

Background

Municipal reserve accounts are a critical component of the Town's long-term financial strategy. They provide a mechanism to set aside funds for future needs, stabilize cash flow, and reduce reliance on debt or sudden tax increases. Transfers to and from reserves occur annually and as required by legislation, must be approved by Council before fiscal year-end (December 31).

Reserves serve several key purposes:

- **Capital Reserves:** Fund major infrastructure projects and asset renewal without causing significant fluctuations in the tax rate.
- **Operating Reserves:** Provide flexibility to manage unforeseen expenses, stabilize operating budgets, and support financial sustainability.

Each December, Council votes on resolutions to transfer amounts to and from the Reserve Accounts. These transfers are routine and align with the Town's Strategic Plan commitment to fiscal responsibility and proactive asset management. They ensure that funds are available for approved projects while maintaining overall financial stability.

Although the annual budget includes anticipated reserve transfers to fund capital projects for the year, adjustments are often required as circumstances change .

For example:

- Projects may come in under or over budget.
- Projects may be deferred or canceled.
- Major timeline changes—such as those affecting the Riverview Recreation Complex—can reduce funding needs in the year.

In addition, for strategic reasons, the Director may adjust reserve usage to create more favorable financial outcomes for the Town. This can include reducing debt load and relying more on reserves to

save on financing costs, based on project changes or market conditions such as interest rates. These strategies safeguard Town finances by:

- Accessing reserves when advantageous
- Deferring debt to minimize interest costs
- Refining borrowing needs as projects near completion

Collectively, these measures save the Town money and free up resources for other investments. When borrowing authorization was obtained in September, the Director noted the intent to reduce borrowing and increase reliance on reserves this year to achieve these savings. By pushing debt further into 2026, the Town can better refine the exact amount of borrowing required and strategically anticipate financing savings.

Reserve Transfers – 2025 Update

General Fund – Capital Reserve

- A transfer of **\$4 million** from the **General Capital Reserve** to the **General Operating Fund** is before Council to support capital project costs.
- This is **in addition to the \$7 million transferred in June**, which helped manage cash flow for project timing earlier in the year.
- **Total transfer for 2025: \$11 million** from the General Capital Reserve to the General Operating Fund for capital projects.

General Fund - Operating Reserve

- No transfer will occur in 2025.
- The planned **\$350,000** transfer has been **carried forward to 2026**, as noted at budget time, to help offset increased costs related to the RCMP building and smooth the financial impact when those costs occur.

Utility Fund - Capital Reserve

- The original budget included a **\$100,000 transfer from the Operating Fund to the Capital Reserve Fund**.
- Due to lower project costs this year, particularly the Sussex watermain replacement, the Town will **increase the amount to transfer by \$225,000**, bringing the total to **\$325,000 transferred from the Operating Fund to the Capital Reserve Fund**.
- These funds will be available for future utility projects starting in 2026 and beyond.

In Summary

Transfer from General Capital Reserve: The resolution shall be to transfer **\$4,000,000** from the General Capital Reserve Fund to the General Operating Reserve Fund.

Transfer to Utility Capital Reserve: The resolution shall be to transfer **\$325,000** from the Utility Operating Fund to the Utility Capital Reserve Fund.

Note: Director Parlee has requested that a tentative meeting be scheduled for December 22 in the Mayor and Council’s calendar, in case an additional reserve transfer is required. This precaution is necessary because the date falls early in the year-end process, and November financial statements are not yet finalized for accurate projections.

More notably though, the scale of capital projects this year—particularly the Riverview Recreation Complex—is unprecedented. Construction timelines can shift quickly due to factors beyond our control, such as weather, which may significantly impact projections provided by the Parks Department. Staff have worked diligently to prepare solid estimates, and Director Parlee has provided as much strategic oversight as possible. However, if circumstances change substantially, a second meeting may be required to authorize another transfer. This ensures funds do not remain in the operating fund as surplus, which would trigger provincial regulations tying them up for two years as operating revenue rather than being available for capital purposes in 2026.

CONSIDERATIONS

Legal: N/A

Financial: Transfers are routine, budgeted and a normal part of the Town’s financial planning and must occur prior to the Town’s fiscal year end of December 31.

Policy: N/A

Stakeholders: N/A

Strategic Plan: The above resolutions are consistent with the “Fiscal Responsibility” embedded in the Town’s Strategic Plan.

Interdepartmental Consultation: Year-end capital and operating projections prepared by the Directors and their teams are a critical component in determining reserve transfers.

Communication Plan: The above shall be discussed in a public meeting on December 8, 2025.

OPTIONS

1. **Approve Resolution(s)**
2. **Amend Resolution(s)**

RECOMMENDATION FROM STAFF

Staff recommends that Council approve the Resolution(s) as presented.

Prepared by: Shannon Parlee, CPA (Director of Finance & Information Technology)