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Town of Aurora  
**Committee of the Whole Report**  
No. FIN26-016

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**Subject:** Reserve Framework Updates

**Prepared by:** Sandeep Dhillon, Senior Advisor, Financial Management

**Department:** Finance

**Date:** May 12, 2026

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## Recommendation

1. That Report No. FIN26-016 be received; and
2. That Council approve all identified reserve framework changes as proposed.

## Executive Summary

This report proposes the implementation of a new reference template for the Town's reserves. The reference template provides details about the management of each reserve fund. Furthermore, this report presents a list of recommended changes to the existing reserve framework.

- The reserve reference sheet template has been updated to offer enhanced clarity and consistency
- A review of reserves has identified some proposed changes to the reserve portfolio
- A new reserve in support of affordable housing has been created
- Engineering Fee reserve consolidation into the Roads Asset Management reserve

## Background

Reserves are one of the most important tools available to municipalities for achieving financial sustainability and flexibility. Reserves not only assist municipalities in their management of risk, they also play a critical role in the financing of capital costs and

the provision of affordable and stable services to constituents. Reserves are maintained to ensure both short- and long-term financial sustainability for the Town. In consideration that longer term capital requirements can be significant, the town must build these reserve balances up over an extended period (up to 80 years in some instances) of time to minimize the annual financial impact to taxpayers. Therefore, a municipality's reserve balances cannot be viewed solely with a short-term lens.

The existing reserve reference template was created in 2013 as part of by-law 5553-13 under which many of the Town's existing reserve funds were established. Since this time Town staff have continued to use this existing template to record the detailed information for any additional reserves that were created.

As per the 2021 approved Fiscal Strategy's action plan, staff have completed a comprehensive review of the Town's reserve framework. This review identified a need to update the Town's existing reserve reference sheet template.

## **Analysis**

### **The reserve reference sheet template has been updated to offer enhanced clarity and consistency**

Every Town reserve is supported by an approved bylaw or reference sheet. Staff have developed a new reserve reference sheet template that provides a clearer and more consistent format that identifies the purpose of the reserve, how funds may be used, funding sources and the target balance for the reserve. The new reserve reference sheet template clearly identifies details such as reserve type, category and any by-law associated with each reserve along with its representation in Town's annual financial statements. A sample of the proposed reserve reference sheet template may be viewed under Attachment 1 to 4.

### **A Review of reserves has identified some proposed changes to the reserve portfolio**

A high-level review of the Town's existing reserve portfolio has resulted in some proposed changes to select reserve reference sheets. These recommended changes help to ensure that these reserves continue to align with their intended operational requirements. Table 1 presents a summary of the proposed reserve reference sheet changes:

**Table 1**  
**Proposed Reserve Reference Sheet Change**

Reserve Name	Proposed Change
Heritage reserve	Expansion of eligible reserve uses to include other related programs or initiatives.
Green Initiatives reserve	Expansion of eligible reserve uses to include other applicable Town plans or studies.
Asset Management / Growth & New and Studies & Other reserve	Adjustment of target reserve balance to include a requirement to maintain a positive balance while remaining aligned with the Town’s 10-year capital plan as well as its Asset Management, if applicable.
Economic Development Initiative reserve	Updated to reflect current operational requirements and to clarify how the reserve may be accessed.

The updated Heritage, Green Initiative, Economic Development Initiative and a sample of Fleet and Equipment Asset Management reserve reference sheet are included under attachment 1 to 4.

**A new reserve in support of affordable housing has been created**

As per Council’s recently endorsed Affordable Housing Action Plan, an Affordable Housing Reserve fund has been established to finance the acquisition, construction, repair, and/or operating costs of affordable rental or market housing projects and initiatives in line with the policies of the Town's Official Plan. The major source of funding for the Affordable Housing reserve fund is cash-in-lieu contributions from developers and/or the funds provided by the provincial or federal governments, or other agencies, in support local affordable housing initiatives.

Eligible expenditures may include, but are not necessarily limited to, assisting affordable housing providers, providing grant or incentive opportunities for the creation of affordable housing opportunities, or promoting affordable rental housing options and ensuring the long-term maintenance of their affordability.

The Affordable Housing Reserve fund’s reference sheet may be found under Attachment 5.

## **Engineering Fee reserve consolidation into the Roads Asset Management reserve**

A recent staff review has confirmed that the Engineering fee reserve is no longer required as engineering fees are now recognized as part of the Town's operating budget as the underlying services that they are paying for are provided. Therefore, it is recommended that the Engineering Fee reserve be closed and its balance of \$1,365,802 as of December 31, 2025, be transferred to the road's asset management reserve.

## **Advisory Committee Review**

NA

## **Legal Considerations**

The establishment and management of reserve funds are governed by the *Municipal Act, 2001*, and applicable Town by-laws. The Delegation of Authority Bylaw 6212-19 gives the Treasurer the authority for the management of reserves.

## **Financial Implications**

There are no direct financial implications from this report.

## **Communications Considerations**

The Town will inform the public about the information contained in this report by posting it to the Town's website.

## **Climate Change Considerations**

The recommendations from this report does not impact greenhouse gas emissions or impact climate change adaptation

## **Link to Strategic Plan**

Reserve Management supports all aspects of the strategic plan. Specifically, this report supports the Plan principles of Leadership in Corporate and Financial Management, Leveraging Partnerships, and Progressive Corporate Excellence and Continuous Improvement.

## Alternative(s) to the Recommendation

Council may provide alternative direction.

## Conclusions

The reserve management pillar of the fiscal strategy focuses on the long-term financial stability for the Town. Therefore, keeping up to date with any operational and legislation changes that govern the reserve is necessary and prudent practice. This review ensure that the reserve funding sources are consistent and aligned with the intended usage and are updated in alignment with the legislations and Town's operational needs.

## Attachments

[Attachment 1 - Heritage Reserve reference sheet](#)

[Attachment 2 - Green Initiatives Reserve reference sheet](#)

[Attachment 3 - Economic Development Initiatives Reserve reference sheet](#)

[Attachment 4 - Fleet and Equipment Reserve reference sheet](#)

[Attachment 5 - Affordable Housing Reserve reference sheet](#)

## Previous Reports

NA

## Pre-submission Review

Agenda Management Team review on April 23, 2026

## Approvals

Approved by Rachel Wainwright-van Kessel, CPA, CMA, Director, Finance

Approved by Doug Nadorozny, Chief Administrative Officer