



The Corporation of the Town of LaSalle

To: Mayor and Members of Council
Prepared by: Dale Langlois, Director of Finance / Treasurer
Department: Finance
Date of Report: August 20, 2020
Report Number: FIN-20-2020
Subject: Purpose of the Tax Stabilization Reserve

Recommendation

That the report of the Director of Finance dated August 20, 2020 (FIN-20-2020) regarding the Purpose of the Tax Stabilization Reserve BE RECEIVED.

Report

Purpose of the Tax Stabilization Reserve:

The purpose of the tax stabilization reserve is to fund one-time extraordinary expenditures or unexpected expenses that are not included in Town budgets. As a result, any expenses that are funded from the tax stabilization reserve will not impact the municipal tax rate. Examples of items that may be funded from the tax stabilization reserve include:

- Net financial impact of the COVID-19 crisis
- Proposed Christmas display that was not included in the 2021 budget (should Council decide to move forward with this project)

How is the Tax Stabilization Reserve Funded?

There are two sources of funding for the tax stabilization reserve. First, there is an annual budget allocation which has been included in the operating budget since the creation of the tax stabilization reserve over two decades ago. The annual allocation included in the 2020 operating budget is \$212,000. Second, in years where there are stronger than expected financial operations (ie. Large supplemental levy from construction activity), extra funding above and beyond what is included in the budget may be allocated to the tax stabilization reserve. In recent years, with the healthy

construction activity throughout the Town, the Town has been able to allocate extra funding to this reserve.

Status of the Tax Stabilization Reserve:

The current balance of the tax stabilization reserve is very healthy at \$4,200,000. Luckily, over the past 5 years the Town has not had to fund anything out of this reserve.

The chart below outlines the tax stabilization reserve balance at the end of each year over the past 5 years:

	2019	2018	2017	2016	2015
Tax Stabilization Reserve	\$4,220,659	\$4,012,559	\$3,508,559	\$2,608,559	\$1,608,559
% of annual levy	11.5%	11.7%	11.0%	9.6%	6.3%

An ideal tax stabilization reserve balance falls between 10% and 15% of a Town's annual levy. Currently, LaSalle's reserve is 11.5% of the Town's annual levy, which puts the Municipality in a strong position with this reserve.

Consultations

N/A

Financial Implications

N/A

Prepared By:



Director of Finance/Treasurer

Link to Strategic Goals

Yes	Enhancing organizational excellence
	Sustain strong public services and infrastructure
	Strengthen the community's engagement with the Town
	Grow and diversify the local economy
	Build on our high-quality of life

Communications

Yes	Not applicable
	Website
	Social Media
	News Release
	Local Newspaper
	Bids & Tenders
	Notification pursuant to the Planning Act

Notifications

Name	Address	Email

Report Approval Details

Document Title:	FIN-20-2020 Purpose of the Tax Stabilization Reserve.docx
Attachments:	
Final Approval Date:	Aug 20, 2020

This report and all of its attachments were approved and signed as outlined below:



Chief Administrative Officer

Joe Milicia