



Severn Sound Environmental Association

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SEVERN SOUND ENVIRONMENTAL ASSOCIATION

DRAFT - FORECASTED RESERVES

DRAFT

RESERVE ACCOUNT	BALANCE DEC 31/24	2025 BUDGET	BALANCE DEC 31/25	RELATED LIABILITY @12/31/24
CONTINGENCY RESERVE	\$ 246,156	\$(36,427)	\$ 209,729	
MUNICIPAL DWSP RESERVE (Midland share=\$6,453)	153,405	-	153,405	
EMPLOYEE BENEFITS RESERVE	18,802	5,000	23,802	94,800
CAPITAL ASSET RESERVE	32,605	6,995	39,600	
WELL DECOMMISSIONING RESERVE	9,000	1,800	10,800	38,000
TOTAL DRAFT FORECASTED BALANCE	\$ 459,968	\$(22,632)	\$ 437,336	

SSEA RESERVE POLICY STATEMENT:

Reserve funds may be established for liabilities of the Severn Sound Environmental Association (SSEA) which are incurred but not payable until later/future years. Prudent use of reserves mitigates significant fluctuations in operations and assists in stabilizing the impact of unanticipated occurrences. Annual contributions to reserves provide a fair and equitable approach to funding the future costs, replacement of capital assets and general needs and reduce future liabilities.

SSEA RESERVES DETAILS

Contingency Reserve – Is contributed to on an annual basis to provide funding assistance for projects/activities where there are funding gaps, thus allowing projects to be completed that otherwise would have been deferred due to budget constraints, unexpected or unpredicted events, or extraordinary expenditures. This would include use for strategic plan renewal every 5 years and can be used to cover unexpected cost increases (eg Treasurer/payroll fees). Funds allocated to projects/costs not completed in a given year can be contributed to this reserve for payment in the future. Typically, surplus funds at year end would be contributed to this reserve.

Municipal Drinking Water Source Protection Reserve – funds collected from municipal partners for DWSP are contributed here in years when the provincial funds SSEA after budget is set. Typically, this happens when there is no MOU with the province when the SSEA budget is set. Subsequently, when the provincial MOU is set, the municipal funds are contributed here. These funds are shown by municipality and can be drawn by each member municipality with a resolution from their respective councils.

Employee Benefits Reserve – Is contributed to as surplus funds become available related to employee benefits and as determined by the Board. This reserve is to offset employee benefit liabilities such as employee future benefits, vacation payable and severance or short-term leave (SSEA self-funded) and may be used to fund the payout of such expenses.

Capital Asset Reserve – Is contributed to on an annual basis to provide funds for future capital expenditures. Ideally, annual contributions will be consistent with the annual amortization to cover the replacement of capital assets in the future. SSEA capital assets include a vehicle worth \$25k in 2020, monitoring equipment (RBR worth \$41k in 2025, in-stream portable flow monitor worth \$20k in 2023) etc.

Well-decommissioning Reserve – Is contributed to on an annual basis to provide funds for decommissioning the wells that are the responsibility of SSEA, based on the life expectancy of the wells and the costs to decommission same at the end of their useful life (as required by Regulation 903 under the Ontario Water Resources Act R.R.O. 1990 (the Wells Regulation)).