

## **North Bay Reserves Policy - April 3, 2018**

At Tuesday's meeting council members appropriated another \$985,811 of taxpayers' dollars by making multiple transfers to reserves. The purpose for establishing reserves began as a method to set funds aside for contingencies or a predetermined purpose. Over the last number of years, this financially sound principle has been co-opted by Council and staff to justify the accumulation and retention of any excess funds paid to them by taxpayers.

The evidence for this is that discretionary reserves have risen from approximately \$17.8 million at the end of 2006 to \$40.8 million at the end of 2016, an increase of \$23 million dollars over ten years.

An administration argument for retaining funds not required to run the City has been the fear-based suggestion that our credit rating will suffer and our loan interest rates will rise if reserves are lowered. This argument is not based on any facts. North Bay's 2017 credit rating is Aa2 which is exactly the same as it was in 2006 when reserves were less than half what they were at the end of 2017.

The phrase "best practice" is often used by administration to support this policy. Best practice specifically refers to an overall concept that has been proven superior to other concepts. While the concept of establishing reserves is a best practice, in North Bay's case, the concept has been high jacked.

Representing the interests of citizens is the overriding obligation of Council members. The interests of the citizens who supplied the \$17.8 million in reserves up to the end of 2016 certainly received no benefit from their contributions. Similarly, the interests of the citizens who supplied the \$23 million from 2007 to 2017 have received no benefit from their contributions.

What has been occurring is that reserves are being used by council to massage departmental yearly budgets for cosmetic effect without any benefits accruing to current or future taxpayers. This is being done at the same time as reserves balances, which are simply taxes that have been over collected being added to reserve funds.

Based on North Bay's previous budget experience, the likelihood of major contingencies and the cost of those contingencies in the future, taxpayers could enjoy over ten years of zero tax increases and still have \$20 million remaining in reserves.

In November, taxpayers need to get out and vote to change the culture at City Hall from one of denial and deflection to one of openness and straight talk.