

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
Your File/V/Réf.

DATE 14 May 1998

TO/DEST. Co-ordinator
Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **DISPOSITION OF SINKING FUND SURPLUS**

DEPARTMENTAL RECOMMENDATION

That Corporate Services and Economic Development Committee recommend Council approve that:

- 1. The sum of \$4,139,281.05 representing surpluses in excess of certain debenture commitments, be distributed to the Area Municipalities and to the Regional Municipality in amounts detailed in Annex A;**
- 2. The surplus amounts be used in accordance with Section (44.1) of the Regional Municipalities Act.**

BACKGROUND

When the Region issues sinking fund debentures, an annual contribution is made to the sinking fund, which together with interest earnings derived from the investment of these funds, will accumulate to an amount which will be sufficient to pay the debentures on maturity. When the sinking fund balance for a debenture issue is more than sufficient to pay the principal amount of the debenture issue at the maturity date, this surplus may be distributed in accordance with the provisions of *Section (44.1) of the Regional Municipalities Act R.8*. The accounts of the sinking fund have been closed for the year 1997 and it has been determined that for those by-laws detailed in Annex A, there are amounts in excess of the amount required to pay the principal amounts on their respective maturity dates.

In accordance with *Bill 86 Better Local Government* the distribution of surpluses requires the approval of Regional Council prior to disposition. On May 6, 1998 the Sinking Fund Committee adopted a resolution which, with the approval of Regional Council, provided for the distribution of the sum of \$4,139,281.05 representing surpluses in excess of certain debenture commitments to the Area Municipalities and to the Region in amounts detailed in Annex A, with the recommendation that these amounts be used in accordance with *Section (44.1) of the Regional Municipalities Act R.8.*

DISCUSSION

The accounts for the sinking fund have been closed and audited for the year ending December 31, 1997 and the amounts shown in Annex A may be distributed without in any way impairing the ability of the sinking fund to meet its commitment to provide sufficient funds to the Region to meet the debenture obligations set forth in Annex A on the maturity dates for the respective by-laws.

Section (44) (b) of the Regional Municipalities Act provides that any surplus withdrawn from the sinking fund accounts be used for one or more of the following purposes:

1. *Retirement of unmatured debentures of the Regional Corporation or of an area municipality.*
2. *Reduction of the next annual levy of principal and interest payable with respect to debentures of the Regional Corporation or of an area municipality.*
3. *Reduction of the amount of debentures to be issued for capital expenditures for which the issue of debentures has been approved.*
4. *Transfer to the general funds of the Regional Corporation or of an area municipality.*

Previously funds have been distributed by the Sinking Fund Committee with the recommendation to use the funds to reduce the amount of debentures to be issued for capital expenditures for which the issue of debentures has been approved.

FINANCIAL COMMENT

These sinking fund surpluses have been included in the 1998 budget estimates adopted by Council on May 13, 1998.

CONSULTATION

The public consultation process is not applicable.

CONCLUSION

The distribution of sinking fund surpluses earned during 1997 does not jeopardize the ability of the sinking fund to meet the debenture commitments on the maturity dates and therefore it is recommended that Corporate Services and Council approve the Sinking Funds Committee's resolution which it adopted to distribute the surplus for the year 1997.

*Approved by
J.C. LeBelle*

GM

Attach. (1)

The Regional Municipality of Ottawa-Carleton
Sinking Fund Committee
Summary of amounts in excess of Sinking Fund Commitments
as at December 31, 1997

	<u>By-law</u>				<u>Total</u>
	<u>44-1977</u>	<u>160-1977</u>	<u>100-1979</u>	<u>99-1986</u>	
<u>Area Municipality</u>	\$	\$	\$	\$	\$
Cumberland				203,733.15	203,733.15
Gloucester		81,271.34		105,262.17	186,533.51
Kanata				236,899.04	236,899.04
Nepean		77,399.38		78,966.36	156,365.74
Ottawa				1,273,885.08	1,273,885.08
Vanier		41,837.65			41,837.65
		200,508.37		1,898,745.80	2,099,254.17
<u>Regional Municipality</u>					
Region Wide	12,451.67	18,229.31		1,259,907.97	1,290,588.95
Solid Waste		73,963.23			73,963.23
Water	62,258.50	402,163.97			464,422.47
Police Services		52,235.66	158,816.57		211,052.23
	74,710.17	546,592.17	158,816.57	1,259,907.97	2,040,026.88
Total Surplus Payable	74,710.17	747,100.54	158,816.57	3,158,653.77	4,139,281.05