

4. DISPOSITION OF SINKING FUND SURPLUS

COMMITTEE RECOMMENDATIONS

That Council approve:

1. The sum of \$1,740,165.58 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*.

DOCUMENTATION:

1. Finance Commissioner's report dated 26 May 99 is immediately attached.

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
 Your File/V/Réf.

DATE 26 May 1999

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

FROM/EXP. Finance Commissioner

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

DEPARTMENTAL RECOMMENDATIONS

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

- 1. The sum of \$1,740,165.58 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 1998 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 *Section (44) of the Regional Municipalities Act* the distribution of surpluses requires the approval of Regional Council prior to disposition. On May 21, 1999 the Sinking Fund Committee adopted a resolution which, with the approval of Regional Council, provided for the distribution of the sum of \$1,740,165.58 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, 1998. Debentures authorized under the authority of by-laws 100 of 1979, 99 of 1986 and 134 of 1988 matured during 1998. Amounts totalling \$67 million were transferred from the sinking fund to the Region to meet the debenture commitments on maturity. The surpluses detailed in Annex A in respect of these by-laws, represent sinking fund earnings attributable to these by-laws for the period January 1, 1998 to the respective maturity dates. The amount shown in Annex A in respect of by-law 167 of 1989 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 obligation on the maturity date.

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.*

FINANCIAL COMMENT

These sinking fund surpluses have been included in the 1999 budget estimates adopted by Council on February 24, 1999.

CONSULTATION

The public consultation process is not applicable.

CONCLUSION

The distribution of sinking fund surpluses earned during 1998 represents the distribution of surplus earnings for those by-laws which matured during 1998 and does not jeopardize the ability of the sinking fund to meet the debenture commitments for by-law 167 of 1989 on its maturity date. 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 1998.

*Approved by
J.C. LeBelle
Finance Commissioner*

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, 1998

	By-law				
	<u>100 of 1979</u>	<u>99 of 1986</u>	<u>134 of 1988</u>	<u>167 of 1989</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>Area Municipality</u>					
Cumberland		75,285.37			75,285.37
Gloucester		38,897.49	14,628.51		53,526.00
Kanata		87,541.16	6,088.94		93,630.10
Nepean		29,180.39	9,743.89		38,924.28
Ottawa		470,738.03	141,906.99	100,511.62	713,156.64
		701,642.44	172,368.33	100,511.62	974,522.39
<u>Regional Municipality</u>					
Region Wide		465,573.08	143,596.12		609,169.20
Solid Waste					
Water					
Police Services	155,255.24		1,218.75		156,473.99
	155,255.24	465,573.08	144,814.87		765,643.19
Total Surplus Payable	155,255.24	1,167,215.52	317,183.20	100,511.62	1,740,165.58