

5

SINKING FUND REQUIREMENTS - 2009

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, November 18, 2008, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that:

1. The 2009 Budget include an amount of \$9,885,000 for the purpose of meeting the Region's sinking fund obligations under existing debenture by-laws.

2. PURPOSE

This report is to advise Council of the amount that must be provided for in the 2009 Budget in order for the Region to meet its sinking fund obligation per debenture by-laws.

3. BACKGROUND

Section 424(4) of the *Municipal Act* requires that the Treasurer advise Council each year of the amount, if any, that must be raised for sinking fund purposes.

Section 409(1) of the *Municipal Act* permits the issuance of sinking fund debentures by a municipality. A sinking fund is an investment fund established for these debentures whereby a fixed amount is invested each year such that, with interest earned from the invested amounts, the accumulated balance in the sinking fund will be sufficient to repay the debentures at maturity.

4. ANALYSIS AND OPTIONS

Annual sinking fund contributions will be required in 2009 for debentures issued for the Region as well as those issued on behalf of the City of Vaughan and the Town of East Gwillimbury.

5. FINANCIAL IMPLICATIONS

In 2009, the total sinking fund requirements pertaining to debt issued by the Regional Municipality of York will be \$12,598,610. Of this amount, the Regional Municipality of

York must raise \$9,884,553 for debt issued for Regional capital projects. The balance of the requirements will be used for debt issued on behalf of area municipalities.

6. LOCAL MUNICIPAL IMPACT

The following table summarizes the total sinking fund payments that will be administered by the Region in 2009, as well as the amounts due from Area Municipalities.

Table 1
2009 Sinking Fund Payment Requirements

Municipality	Amount
City of Vaughan	\$2,609,089
Town of East Gwillimbury	<u>104,968</u>
Subtotal – due to York Region	2,714,057
Regional Municipality of York	<u>9,884,553</u>
Total	<u>\$12,598,610</u>

7. CONCLUSION

The total sinking fund requirement in 2009 for debentures issued by the Region of York is \$12,598,610. Of this amount, \$9,884,553. must be included in the 2009 Budget to meet the Region's obligation.

The Senior Management Group has reviewed this report.