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SINKING FUND REQUIREMENTS - 2008

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, November 2, 2007, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that:

1. The 2008 Budget include the amount of \$9,885,000.00 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 sinking fund requirements in 2008 for debt issued by the Regional Municipality of York and to ensure that provision is made in the 2008 Budget for the Region's 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 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

For the period 2008– 2010 sinking fund contributions will be required for debentures issued on behalf of the Town of East Gwillimbury. In addition, for the period 2008 – 2016 sinking fund contributions will be required for debentures issued for the Region as well as on behalf of the City of Vaughan.

5. FINANCIAL IMPLICATIONS

In 2008, the total sinking fund requirements pertaining to debt issued by the Regional Municipality of York will be \$12,598,610.00. Of this amount, the Region of York must raise at least \$9,884,553.00 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 2008, as well as the amounts due from Area Municipalities.

Table 1
2008 Sinking Fund Payment Schedule

Municipality	Amount
City of Vaughan	\$2,609,089.00
Town of East Gwillimbury	<u>104,968.00</u>
Subtotal – due to York Region	2,714,057.00
Region of York	<u>9,884,553.00</u>
Total	\$12,598,610.00

7. CONCLUSION

The total sinking fund requirement in 2008 for debentures issued by the Regional Municipality of York on behalf of its Area Municipalities and for Regional purposes is \$12,598,610.00. Of this amount, at least \$9,884,553.00 needs to be included in the 2008 Budget to meet the Region's obligation.

The Senior Management Group has reviewed this report.