

RE: 1987 RESERVES POLICY
(TABLED MATTER 5 (A), 1987 OCTOBER 05)
(ITEM 10, REPORT NO. 57, 1987 SEPTEMBER 21)

ITEM 15
MANAGER'S REPORT NO. 69
COUNCIL MEETING 87/11/09

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER
FROM: DIRECTOR FINANCE
RE: 1987 RESERVES POLICY
(TABLED MATTER 5(a), 1987 OCTOBER 05)
(ITEM 10, REPORT NO. 57, 1987 SEPTEMBER 21)

1987 November 04
File: M4-6

RECOMMENDATION

1. THAT the updated 1987 Reserves Policy be received for information purposes and be updated and reviewed annually.

BACKGROUND

In 1985 the Finance Department developed a Reserves Policy which combined into one document, a description of all of the reserve funds of the municipality. The policy described the purpose of each reserve, the source of funding for the reserve, the appropriate level, as well as controls and legalities in place regarding the spending of the reserve funds.

In 1985 July Council received that Reserves Policy and approved the principles and concepts contained therein. Since that time, Council has approved various changes and revisions, which were all summarized in a report to Council on 1987 September 21 and which were approved by Council on 1987 October 05.

These changes and modifications, as well as updates on reserve balances as at the end of 1986, have been incorporated into the updated 1987 Reserves Policy, a copy of which is presented to Council under separate cover.

SUMMARY OF MAJOR REVISIONS

The main changes as approved and recognized by Council on 1987 October 05, are summarized below:

1. Waterworks and sanitary sewer system operating funds are increased from \$1.0 million to \$1.5 million each.
2. That the funds in the Riverway Land Development reserve as at the end of 1986 be used to finance the peat removal administration costs, including consultants as needed, and all 1987 and future revenue be added to the Capital Works Financing Fund.
3. Repayment of funds to internal reserves for new borrowings in 1985 and onward are on a 20 year rather than a 10 year repayment basis and appropriations for expenditures are on a cash flow basis.
4. The Housing reserve is now part of the Land Assembly and Development reserves group.
5. Ministerial approval is no longer required to appropriate funds from our Capital Works and Tax Sale reserves, nor is it needed to approve waterworks and sanitary sewer rate increases.
6. The non-specific portion of Trust funds is now used for working capital.

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RESERVE AND OTHER FINANCIAL TRENDS

Schedule 02 in the 1987 Reserves Policy shows the reserves balances at year end for the period 1982 through 1986. This trend of total reserves by year is compared with other key financial data on Attachment 01 of this report. The trend data includes outstanding debt, debt repayment and total municipal operating expenditures.

The data shows that the municipality is in a strong financial position and steadily growing stronger. Reserve funds to finance future capital needs continue to grow, while external debt is falling; and debt charges as a percentage of operating expenditures continue to decline.

It is recommended that the updated 1987 Reserves Policy be received for information purposes and be updated and reviewed annually.



Howard Karras
DIRECTOR FINANCE

PWT:gw
Attach.

cc: Directors

RESERVE AND OTHER FINANCIAL TRENDS

(\$000)

	1982	1983	1984	1985	1986
Total reserve funds on hand at year end	\$ 72,384	\$ 79,818	\$ 82,834	\$ 93,268	\$ 99,612
- Schedule 02 - 1987 Reserves Policy					
Debt outstanding	40,610	36,529	31,684	25,537	30,740
- Borrowed externally					
- Borrowed from own reserves	8,628	13,249	17,159	19,008	23,756
Total debt outstanding	49,238	49,778	48,843	44,545	54,496
Total municipal operating expenditures	79,973	81,073	89,741	94,899	98,884
Debt charges	7,088	6,607	6,716	6,518	6,346
- External					
- Internal	1,787	2,000	3,031	4,840 (1)	3,808
Total debt charges	8,875	8,607	9,747	11,358	10,154
Debt charges - % of operating expenditures	8.9	8.1	7.5	6.9	6.4
- External					
- Internal	2.2	2.5	3.4	5.1 (1)	3.9
Total	11.1%	10.6%	10.9%	12.0%	10.3%

Note (1) Includes a one-time repayment of \$1 million for the B.N.R. Kensington overpass.

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