

Appendix III: Reserves, Reserve Funds and Debt

The following table outlines the projected 2010 reserve and reserve fund balances and in-year activity.

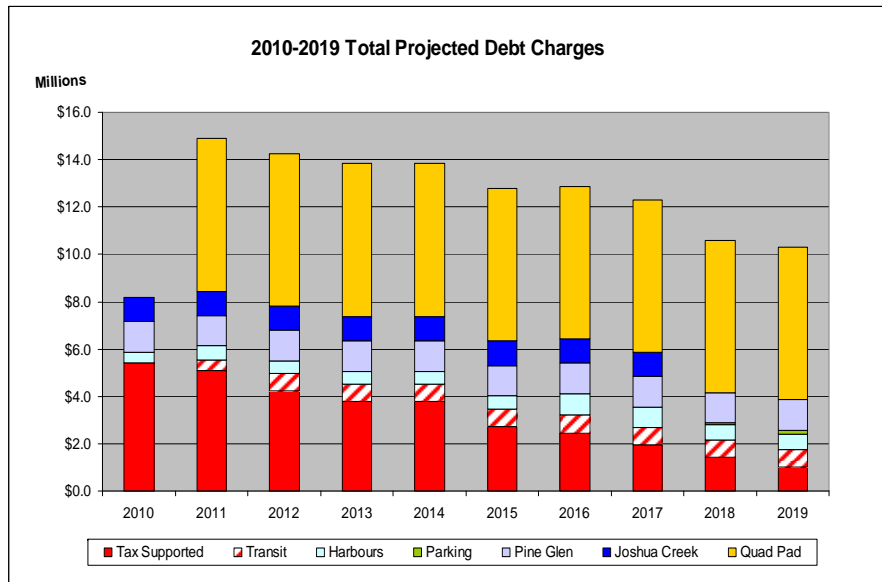
Town of Oakville

2010 Projected Reserve, Reserve Fund Balances (\$ Millions)

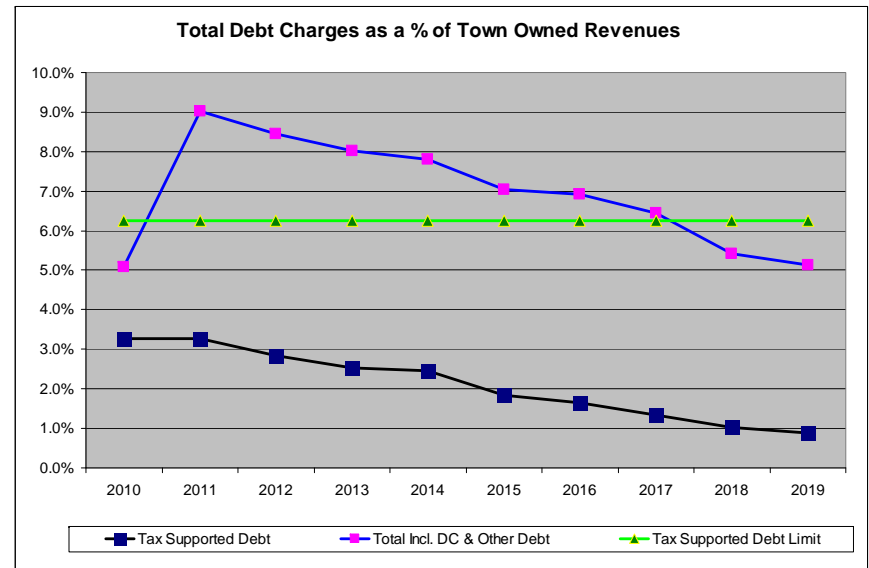
Reserve/Reserve Fund	Projected 2009 Ending Balance	2010 Activity					Interest	Projected 2010 Ending Balance
		Transfers to/(from) Reserve from Operating	Capital Commitments	Development Charges/ Revenues	Interim Debt Financing	Total		
Obligatory Reserve Funds:								
Development Charges	1.6	(1.0)	(48.7)	18.5	48.0	18.4	0.4	18.8
Parking	4.1	0.6	(0.7)	0.0	0.0	4.0	0.2	4.2
Parkland	13.2	0.0	(1.5)	0.0	0.0	11.7	0.5	12.2
Gas Tax	6.9	(0.4)	(10.7)	7.4	0.0	3.2	0.2	3.4
Investing in Ontario	4.0	-	(3.8)	-	0.0	0.2	0.1	0.3
Ontario Bus Replacement	0.1	0.0	(1.1)	1.1	0.0	0.1	0.0	0.1
sub-total	29.9	(0.8)	(66.5)	27.0	48.0	37.6	1.4	39.0
Discretionary Reserve Funds:								
Town Building Replacement	7.7	1.7	(0.1)	0.0	0.0	9.3	0.3	9.6
Street Trees	0.4	0.0	0.3	0.0	0.0	0.7	0.0	0.7
Employment Liability	7.4	0.0	0.0	0.0	0.0	7.4	0.3	7.7
Other	0.9	0.0	0.0	0.0	0.0	0.9	0.0	0.9
sub-total	16.4	1.7	0.2	0.0	0.0	18.3	0.6	18.9
Total Reserve Funds	46.3	0.9	(66.3)	27.0	48.0	55.9	2.0	57.9
Reserves:								
Operational Reserves	2.1	(0.4)	0.0	0.0	0.0	1.7	0.0	1.7
Equipment Reserves	13.0	5.2	(4.8)	0.0	0.0	13.4	0.0	13.4
Capital Reserves	25.1	5.7	(9.5)	0.0	0.0	21.3	0.4	21.7
Stabilization Reserves	7.7	(2.6)	0.0	0.0	0.0	5.1	0	5.1
Total Reserves	47.9	7.9	(14.3)	0.0	0.0	41.5	0.4	41.9
Total Reserves, Reserve Funds	94.2	8.8	(80.6)	27.0	48.0	97.4	2.4	99.8

OUTSTANDING DEBT AND DEBT CHARGES

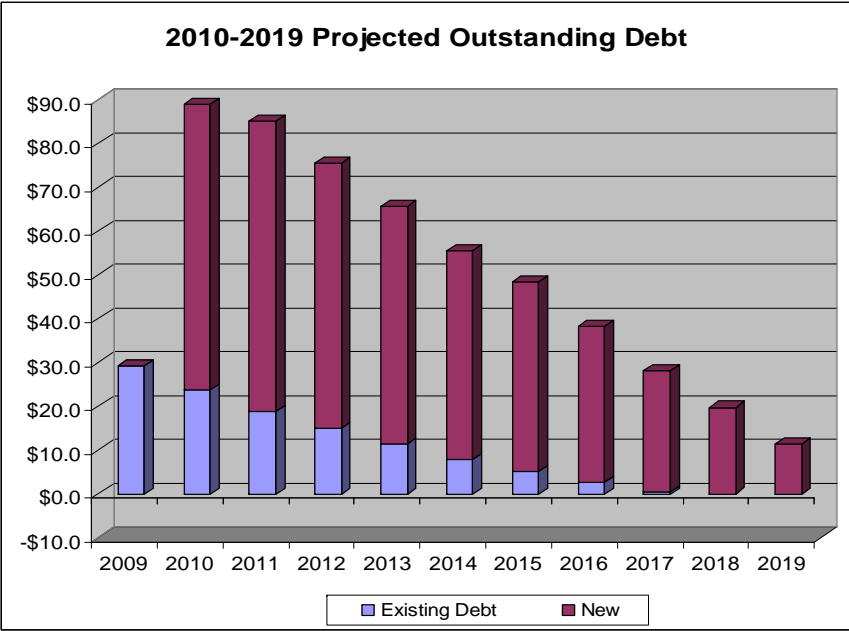
The Town of Oakville has a very conservative approach to the use of debt financing, including internal financing. The use of debt financing is generally limited to projects that provide a long-term benefit to both new and existing residents. This next chart shows the projected total annual debt charges by program for the period 2010-2019. As illustrated below, 2010 debt charges are expected to total \$8.2 million of which \$5.4 million is tax supported and \$2.8 will be paid by external revenue sources.



In order to ensure debt levels remain affordable, Council has adopted a policy that ensures the Tax supported debt level does not exceed 6.25% of revenue fund revenues, and total debt including self supporting (ie. Debt to be repaid by development charges) does not exceed 12%. Both of these levels are significantly below the allowable provincially authorized level of 25% of revenue fund revenues. The following chart identifies annual forecasted debt charges for both Tax supported and total debt as compared to the Council guideline for the period 2010 to 2019. As illustrated in the graph the projected debt charge levels are within council policy.



The following graph shows existing outstanding debt for debt issued in 2009 and prior and the forecasted new debt projected for the period 2010-2019, based on the current capital forecast. As shown in the chart, current outstanding debt is \$29.1 million. This figure is projected to increase to \$89.0 million in 2010, with the \$48.0 million debt for the North Park Quad Pad that is planned to be issued in 2010 to interim finance development charges. The resulting debt charges from the \$48.0 million will be paid by development charges over a period of 10 years.



Another indication of the affordability of debt is a measurement of total debt principal to reserve balances. Financial institutions consider a prudent debt financing practice of a 1:1 ratio of debt to reserves as a policy. The current debt forecast for both Tax debt and Total debt is within this limit. The following graph illustrates this point.

