

TOWN OF AJAX REPORT



REPORT TO: General Government Committee

SUBMITTED BY: Sheila Strain, CPA, CGA
Director of Finance/Treasurer

SUBJECT: Financial Sustainability Plan (FSP) Update

WARD(S): All

DATE OF MEETING: June 25, 2015

REFERENCE: Community Action Plan Priority – Ensure Tax Rates Remain Reasonable and Competitive
Financial Sustainability Plan Policies 120 to 124
Financial Overview Presentation – December 4, 2015 Special Council Meeting on Community Action Plan
2015 Operating Budget Report & Presentation

RECOMMENDATION:

That the Council approve the following updated policies:

- #120 - Financial Sustainability Plan**
- #121 - Discretionary Reserve Administration**
- #122 - Discretionary Stabilization Reserves**
- #123 - Discretionary Capital Reserves**
- #124 - Long Term Debt Management**

BACKGROUND:

As previously identified for Council during the Communication Action Plan and the 2015 Operating Budget, the updates being recommended fall into three distinct categories:

- 1) Impact of lower assessment growth on reserves, operating budget and the tax rate
- 2) Minor housekeeping and/or corrections
- 3) To allow 100% Internal Debt on specified projects

The first major review and update which take effect for the 2018-2022 budget/forecast time period, is still scheduled for June 2017.

DISCUSSION:

The proposed updates for each policy are detailed below:

Policy #120 Financial Sustainability Plan

- Section 5. Financial Reporting
 - Corrected name to Capital Account Closing *Reports*

Policy #121 Discretionary Reserve Administration

- Section 2. Allocation of Interest Income
 - New update not identified previously for Council
 - Updated to 2015 budget amount of \$981,100 (was 2013 budget of \$781,100)
 - “Shall” has been replaced by “May”
 - Provides the flexibility needed to achieve the optimum balance between reserves, operating budget and managing tax rate increases
- Section 3. Annual Increase in General Levy Budget Allocations
 - “Shall increase by a minimum of 25%” of additional taxation revenue generated by Assessment Growth to “*May* increase by a *maximum* of 25%”

Policy #122 Discretionary Stabilization Reserves

- No changes; Date and Revision No. changed to confirm that policy was reviewed

Policy #123 Discretionary Capital Reserves

- Capital Contingency Reserve
 - In 2) under Capital Budget/LRCF Funding column, deleted redundant wording “not fundable from any other source”
- Post Growth Capital Reserve
 - Changed 1) under Revenue Source to “*Up to 15 %* of assessment growth”

Policy #124 Long Term Debt Management

- Section 3 Maximum Debt per Project
 - Under a), added “furniture, fixtures and equipment to the definition of Total Cost of Construction
 - Added b) which allows projects up to \$3.0M to be 100% funded from internal debt

FINANCIAL IMPLICATIONS:

There are no costs resulting from the updating of the policies.

COMUNICATIONS:

The updated policy along with an overview of the changes, will be posted on the Document Management System.

CONCLUSION:

The various policy updates ensures that Council's budget and forecast decisions remain proactive rather than reactive and reflect the current economic and financial conditions.

ATTACHMENTS:

ATT - 1: Community Action Plan Presentation; FSP Future Updates (2 slides)

ATT - 2: 2015 Operating Budget Presentation; Assessment Growth

ATT - 3: Policy #120 Financial Sustainability Plan

ATT - 4: Policy #121 Discretionary Reserve Administration

ATT - 5: Policy #122 Discretionary Stabilization Reserves

ATT - 6: Policy #123 Discretionary Capital Reserves

ATT - 7: Policy #124 Long Term Debt Management

Sheila Strain, CPA, CGA
Interim Director of Finance/Treasurer