

Letter Concerning Reporting on Reserve/Reserve Fund Inflows/Outflows as Part of the Budget Documents

Date:	February 7, 2007
To:	Budget Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2007\Internal Services\Cf\Bc07007Cf – et (AFS #3946)

SUMMARY

This report indicates that budget documents in the form of the analyst's notes already provide the information requested - namely the inflows and outflows to and from reserves and reserve funds.

FINANCIAL IMPACT

There are no financial impacts.

DECISION HISTORY

At its meeting of January 12, 2007, the Budget Committee had before it correspondence from Michael Rosenberg concerning the presentation of the inflows and outflows to and from reserves and reserve funds requesting:

‘Motion: Beginning with the 2007 Budget, the amounts budgeted to go into and out of reserves/reserve funds for each program line item in the Capital and Operating budgets should be included in the information provided at the time of the Budget Introductions. This information should be presented in a way that makes it clear what the net effect of the staff recommended budget, if approved and spent as budgeted, would be on the total amount of the City’s reserves and reserve funds.’.

The Committee referred the communication (Jan.11, 2007) from Michael Rosenberg related to reserve/reserve funds to Finance staff for an appropriate report to the Budget Committee during the budget process.

ISSUE BACKGROUND

The reserves/reserve funds inflow/outflow tables are part of the analyst's notes for the tax supported capital and operating material before the Budget Committee.

COMMENTS

The analyst's notes for the capital and operating budgets do provide this information as noted below. It must be remembered that, especially for the capital budget, the previous year has not closed and therefore, the actual opening balance for these accounts is not known at the time the analyst's notes are prepared.

Attachment #1 is a sample of Appendix #4 of the analyst's notes for the capital budget presentation (Fire Services). It should be noted that the table has all the elements that Mr. Rosenberg is requesting save and except the January 1 opening balance.

Attachment #2 is a sample of Appendix D of the analyst's notes for the operating budget presentation (Parks, Forestry and Recreation). Given the timing of the operating budget, it might be possible in some years to present the opening balances. It should also be noted that unlike the capital budget, the operating budget can incorporate both contributions to a reserve or reserve fund (outflow) or activities to be funded from same (inflow).

To date there have no requests from the Committee to alter the analyst's note format.

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SIGNATURE

Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

- #1 - Capital Budget Reserve/Reserve Fund Example – Fire Services
- #2 – Operating Budget Reserve/Reserve Fund Example – Parks, Forestry and Recreation

ATTACHMENT #1 - CAPITAL BUDGET - EXAMPLE

APPENDIX #4 - RESERVES/RESERVE FUND REVIEW FIRE SERVICES (\$000'S)							
Reserve / Reserve Fund Name	Project / SubProject Name and Number	Uncommitted balance as of September 30, 2006	Proposed Withdrawals				
			2007	2008	2009	2010	2011
XR2023 Development Charges RF - Fire	FIR000118 Station C - Sheppard & Leslie	\$2,608	\$1,293				
Total Reserve / Reserve Fund		\$2,608	\$1,293	\$0	\$0	\$0	\$0

ATTACHMENT #2 - OPERATING BUDGET - EXAMPLE

APPENDIX D - RESERVES/RESERVE FUNDS PARKS, FORESTRY & RECREATION (000'S)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Business Case / Issue	Balance as of September 2006 \$	Proposed Withdrawals (-) / Contributions (+)		
				2007 \$	2008 \$	2009 \$
Vehicle Reserve	XQ1201		7,945.8	(5,664.4)	0.0	0.0
Racquet Sports RF	XR3006		433.7	(80.0)		
Insurance RF	XR1010		5,431.4	(3,820.3)		
National Child Benefit RF	XR2102		21,806.8	1,000.0		
Harbourfront Park RF	XR3200		8,791.1	25.0		
Racquet Sports RF	XR3006		433.7	45.0		
Development Charges RF - Scar.	XR2012		20,993.6	180.0		
Total Reserve / Reserve Fund Draws / (Contributions)				(8,314.7)	0.0	0.0