



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Bonnette and Members of Council

FROM: Jinsun Kim, Manager of Financial Planning & Budgets

DATE: June 18, 2021

REPORT NO.: CORPSERV-2021-0025

SUBJECT: 2020 Treasurer's Statement for Development Charges Reserve Funds, Parkland Dedication Reserve Fund

RECOMMENDATION:

THAT Report No. CORPSERV-2021-0025 dated June 18, 2021 regarding the 2020 Treasurer's statement for development charges reserve funds, parkland dedication reserve fund and the public benefits reserve fund be received.

KEY POINTS:

The following are key points for consideration with respect to this report:

- The Treasurer's annual statement sets out the 2020 activity related to the Development Charges Reserve Funds and the Cash-In-Lieu of Parkland Reserve Fund, as required by the Development Charges Act, 1997 and the Planning Act.
- The current interfund loans of \$21.7 million from the Town's reserves to interim finance growth-related capital projects will be incorporated into the next DC by-law update that is currently underway and future updates of the Long Range Financial Plan.

BACKGROUND AND DISCUSSION:

In accordance with the Development Charges Act, 1997, and the Planning Act, the Treasurer is required to provide Council with an annual financial statement on the development charges, the parkland dedication and the public benefits reserve funds.

Development Charges Reserve Fund Statement

The following extract of Section 12 of O. Reg. 82/98 prescribes the information that must be included in the Treasurer's statement. The information is in addition to the opening and closing balance for the previous year and the transactions relating to that year as required by subsection 43 (2) of the Act. O.Reg.82/98. For each reserve fund:

1. A description of the service for which the fund was established. If the fund was established for a service category, the services in the category.
2. For the credits in relation to the service or service category for which the fund was established;
 - i. the amount outstanding at the beginning of the previous year, given in the year, used in the year and outstanding at the end of the year,
 - ii. the amount outstanding at the beginning of the previous year and outstanding at the end of the year, broken down by individual credit holder.
3. The amount of any money borrowed from the fund by the municipality during the previous year and the purpose for which it was borrowed.
4. The amount of interest accrued during the previous year on money borrowed from the fund by the municipality.
5. The amount and source of any money used by the municipality to repay, in the previous year, money borrowed from the fund or interest on such money.
6. A schedule that identifies credits recognized under section 17 and, for each credit recognized, sets out the value of the credit, the service against which the credit is applied and the source of funds used to finance the credit. O. Reg. 82/98, s. 12 (2).

The following is also prescribed as information to be included in the statement of the treasurer of a municipality under section 43 of the Act:

1. For each project that is financed, in whole or in part, by development charges;
 - i. the amount of money from each reserve fund established under section 33 of the Act that is spent on the project, and
 - ii. the amount and source of any other money that is spent on the project. O. Reg. 82/98, s. 12 (3).

The Treasurer's statement must be made available to the public and a copy must be given to the Minister of Municipal Affairs and Housing upon request.

The 2020 development charges Treasurer's statement completed as part of the above requirements is presented in schedules 1 to 4:

Schedule 1 provides a summary of the development charges (DCs) including the opening and closing balances as well as a summary of financial transactions that occur within the reserve fund during the year. The Town collected \$3.7 million in DCs in 2020 and earned interest of \$270K on the combined balance of DC funds. \$7.4 million of DCs were used to fund capital projects and \$3.0 million was transferred to operating to finance growth-related debt charges.

In addition, a net amount of \$164K has been transferred to the Town's reserves related to the interest payment on the interfund loan which is partially offset by the Town's cost to support DC exemptions provided under the DC by-law and the DCA during the year.

There is a further \$8.7 million of DC funds that have already been committed through previous budgets, which will be spent in the future as the capital programs proceed.

Due to insufficient development charges collections, the financing of growth-related capital programs (including outstanding commitments) has required the Town to interim finance this shortfall through internal loans from reserves in the total amount of \$21.7M.

Further included in this schedule is an adjustment of \$8.3 million related to an accounting policy change, as outlined in Report CORPSERV-2021-0022 (re: 2020 Annual Financial Statements, Management Discussion and Analysis, and Financial Information Return).

Schedule 2 provides a list of current growth-related capital projects that have required funding from DCs. \$7.4 million of the 2020 expenditures was funded by DCs and a further \$8.7 million of DCs were committed through approved capital budgets to fund future expenditures.

Schedule 3 provides detailed information on the Town's 2020 debt repayments. Total principal and interest repayments for 2020 were \$5.0 million. \$3.0 million of this was funded by DCs and \$2.0 million was funded through other reserves, recoveries and operating budget funds.

Schedule 4 provides information on the DC credits as recognized under Section 38 of the Development Charges Act, 1997. As approved in Report PDS-2012-0084 (re: Southwest Georgetown Integrated Planning Project – Funding Agreement) and as set out in the Financial Agreement, the Southwest Georgetown Landowners provided total funding of \$1,387,000 to facilitate the Southwest Georgetown Integrated Planning Project. The landowners' contribution has been incorporated into the 2017 DC By-law for a net amount of \$1,248,300, 90% (100% less 10% statutory deduction) to be recoverable from future DC collections. Therefore, in accordance with the terms set out in the Financial Agreement, DC credits of \$1,248,300 will be provided against the Administration service component of future DCs payable by the landowners based on their proportionate shares.

Parkland Dedication Reserve Fund Statement

Section 42 of the Planning Act prescribes the information that must be provided to Council with annual financial statements for payments in lieu of parkland held by the Town, known as the Cash-in-Lieu of Parkland Reserve Fund. For this reserve fund:

1. (17) The treasurer of the municipality shall each year, on or before the date specified by the council, give the council a financial statement relating to the special account. 2015, c. 26, s. 28 (11).
2. (18) The statement shall include, for the preceding year;
 - a) statements of the opening and closing balances of the special account and of the transactions relating to the account,
 - b) (b) statements identifying;
 - i. any land or machinery acquired during the year with funds from the special account,
 - ii. any building erected, improved or repaired during the year with funds from the special account, (iii) details of the amounts spent, and
 - iii. for each asset mentioned in sub-clauses (i) and (ii), the manner in which any capital cost not funded from the special account was or will be funded, and (c) any other information that is prescribed. 2015, c. 26, s. 28 (11).
3. (19) The treasurer shall give a copy of the statement to the Minister on request.
4. (20) The council shall ensure that the statement is made available to the public.

The 2020 Treasurer's statement for the cash-in-lieu of parkland (CIL) reserve is included in schedules 5 and 6:

Schedule 5 provides a summary of the revenues collected, including the opening and closing balances as well as a summary of financial transactions that occur within the reserve fund during the year. The Town collected \$488K from developers in 2020 and earned \$165K in interest on the balance of the CIL reserve fund.

Schedule 6 provides a list of current capital projects for parks purposes that have received contributions from CIL. In 2020, the Town used \$17,597 of CIL to fund Glen Lawson Lands environmental assessment work that was approved through a previous budget. The remaining \$10,164 of the approved project budget will be funded through CIL when expenditures are incurred in the future.

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Financial data used to complete the 2020 Annual Financial Statements and Financial Information Return was referred to in the compilation of this report.

FINANCIAL IMPLICATIONS:

This report is administrative in nature and does not have any financial implications.

The current interfund loans of \$21.7 million from the Town's reserves to interim finance growth-related capital projects have a financial impact on cash flows. The impact of these loans will be incorporated into the next DC by-law update that is currently underway and future Long Range Financial Plan updates.

Reviewed and approved by,

A handwritten signature in cursive script, appearing to read "M. J. Leighton".

Moya Jane Leighton, Director of Finance & Town Treasurer

A handwritten signature in cursive script, appearing to read "Laura Lancaster".

Laura Lancaster, Acting Commissioner of Corporate Services

A handwritten signature in cursive script, appearing to read "C. Mills".

Chris Mills, Acting Chief Administrative Officer