



TOWN OF
HALTON HILLS
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REPORT

TO: Mayor Bonnette and Members of Council

FROM: Jinsun Kim, Senior Manager of Financial Planning & Budgets

DATE: August 15, 2022

REPORT NO.: CORPSERV-2022-0025

SUBJECT: 2021 Treasurer's Statement for Development Charges Reserve Funds, Parkland Dedication Reserve Fund

RECOMMENDATION:

THAT Report No. CORPSERV-2022-0025 dated August 15, 2022 regarding the 2021 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 2021 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 R.S.O 1990*.
- The interfund loans from the Town's reserves to interim finance growth-related capital projects amounted to \$24.5 million as of December 31, 2021. This was incorporated into the 2022 DC By-law update for continued recovery from future DC revenue collections.

BACKGROUND AND DISCUSSION:

In accordance with the Development Charges Act, 1997, and the Planning Act R.S.O 1990, 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 extracted paragraphs of Section 12 (2) 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 Development Charges Act. For each Development Charge 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 under Section 12 (3) of O.Reg. 82/98 is also prescribed as information to be included in the statement of the treasurer of a municipality:

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.
2. For each service for which a development charge is collected during the year,
 - i. whether, as of the end of the year, the municipality expects to incur the amount of capital costs that were estimated, in the relevant development charge background study, to be incurred during the term of the applicable development charge by-law, and

- ii. if the answer to subparagraph i is no, the amount the municipality now expects to incur and a statement as to why this amount is expected.
3. For any service for which a development charge was collected during the year but in respect of which no money from a reserve fund was spent during the year, a statement as to why there was no spending during the year. O. Reg. 82/98, s. 12 (3); O. Reg. 438/22, s. 1.

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 2021 development charges Treasurer's statement completed as part of the above requirements is presented in schedules 1 to 5:

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 \$3.8 million in DCs in 2021 and earned interest of \$217,441 on the combined balance of DC funds. \$3.6 million of DCs were used to fund capital projects, \$3.0 million was transferred to operating to finance growth-related debt charges and \$3.1 has been transferred to the Town's reserves to pay for the previously incurred interfund loan.

There is a further \$8.3 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 utilized an additional \$7.5 million of interfund loans from the Town's reserves during 2021. Combined with the previously outstanding balance, this results in a total interfund loan balance of \$24.5 million as of December 2021, as discussed in CORPSERV-2022-0024 (re: Reserves, Discretionary Reserve Funds, Obligatory Reserve Funds and Trust Funds as at December 31, 2021). It should be noted that the total outstanding interfund loan amount (\$24.5M) has been incorporated into the 2022 DC By-law update for continued recovery from future DC revenue collections.

Schedule 2 provides a list of current growth-related capital projects that have required funding from DCs. \$3.6 million of the 2021 expenditures was funded by DCs and a further \$8.3 million of DCs were committed through approved capital budgets to fund future expenditures.

Schedule 3 provides the capital costs projected to be incurred during the term of the DC by-law 2017-0047 (i.e. 2017 to 2022) as required under Section 12 (3) of O.Reg. 82/98 as noted above. The Town expects to incur a total of \$40.5 million in growth-related capital costs during this period. This is significantly lower than the \$133.8 million anticipated in the 2017 DC Background Study, as the Town continues to closely monitor and adjust the timing of the projects in consideration of the slower than anticipated pace of growth and the resulting DC revenue shortfalls.

Schedule 4 provides detailed information on the Town's 2021 debt repayments. Total principal and interest repayments for 2021 were \$5.2 million. \$3.0 million of this was funded by DCs and \$2.2 million was funded through other reserves, recoveries, and operating budget funds.

Schedule 5 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. Therefore, in accordance with the terms set out in the Financial Agreement, the DC credits of \$1,387,000 will be provided against the Administration service component of future DCs payable (under DC by-law 2017-47) by the landowners based on their proportionate shares.

Parkland Dedication Reserve Fund Statement

The following paragraphs of Section 7(1) of O.Reg 509/20 prescribes the information that must be provided to the public through annual financial statements for payments in lieu of parkland held by the Town, known as the Cash-In-Lieu of Parkland Reserve Fund, as required under Section 42 (17) of the Planning Act R.S.O 1990. For this reserve fund:

1. Statements of the opening and closing balances of the special account and of the transactions relating to the account.
3. In respect of the special account referred to in subsection 42 (15) of the Act, statements identifying,
 - i. land and machinery acquired during the year with funds from the special account,
 - ii. buildings erected, improved or repaired during the year with funds from the special account,
 - iii. details of the amounts spent, and
 - iv. for each asset mentioned in subparagraphs i and ii, the manner in which any capital cost not funded from the special account was or will be funded.
4. The amount of money borrowed from the special account and the purpose for which it was borrowed.
5. The amount of interest accrued on any money borrowed from the special account. O. Reg. 509/20, s. 7; O. Reg. 439/22, s. 1 (1).

The 2021 Treasurer's statement for the cash-in-lieu of parkland (CIL) reserve is included in schedules 6 and 7:

Schedule 6 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 \$2.1 million from developers in 2021 and earned \$155,737 in interest on the balance of the CIL reserve fund.

Schedule 7 provides a list of current capital projects for parks purposes that have received contributions from CIL. In 2021, the Town used \$17,858 of CIL to fund the acquisition of land as approved through report RP-2020-0022.

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 2021 Annual Financial Statements and Financial Information Return (FIR) 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 \$24.5 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 continue to be closely monitored and reflected in the future Long Range Financial Plan updates.

Reviewed and approved by,

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer