



## REPORT

---

**TO:** Mayor Lawlor and Members of Council

**FROM:** Joseph Vandermeer, Deputy Treasurer and Senior Manager of Accounting and Taxation

**DATE:** June 26, 2023

**REPORT NO.:** CS-2023-012

**SUBJECT:** 2022 Treasurer's Statement for Development Charges Reserve Funds and Parkland Dedication Reserve Fund

---

### RECOMMENDATION:

THAT Report No. CS-2023-012 dated June 26, 2023, regarding the 2022 Treasurer's Statement for development charges reserve funds, parkland dedication reserve fund, and the community benefits charges reserve fund be received as information.

### KEY POINTS:

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

- The Treasurer's annual statement sets out the 2022 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*, as amended and the *Planning Act R.S.O 1990*.
- The internal loans required from Town's reserves to interim finance growth-related capital projects amounted to \$28.6 million as of December 31, 2022, after factoring in all known outstanding commitments.

### BACKGROUND AND DISCUSSION:

In accordance with the *Development Charges Act, 1997*, as amended (DCA) and the *Planning Act R.S.O 1990*, the Treasurer is required to provide Council with an annual financial statement on the development charges, parkland dedication and the public benefits reserve funds.

## Development Charges Reserve Fund Statement

The following extracted paragraphs of Section 12 (2) of Ontario Regulation (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,
  - a. 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,
  - b. 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,
  - a. the amount of money from each reserve fund established under section 33 of the Act that is spent on the project, and
  - b. 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,
  - a. 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

- b. 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.

Subsection 35(2) of the DCA requires that:

Beginning in 2023 and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in a reserve fund for the following services at the beginning of the year:

1. Water supply services, including distribution and treatment services.
2. Waste water services, including sewers and treatment services.
3. Services related to a highway as defined in subsection 1 (1) of the Municipal Act, 2001 or subsection 3 (1) of the City of Toronto Act, 2006, as the case may be. 2022, c. 21, Sched. 3, s. 10.

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 2022 development charges Treasurer's statement completed as part of the above requirements is presented in schedules 1 to 6:

**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 occurred within the reserve fund during the year. The Town collected \$2.6 million in DCs in 2022 and earned interest of \$256,017 on the combined balance of DC funds. \$3.3 million of DCs were used to fund capital projects, \$3.0 million was transferred to operating to finance growth-related debt charges and \$3.7 million has been transferred to the Town's reserves to pay for the previously incurred internal loan. \$9.0 million in DC funds have already been committed through previous budgets and will be spent in the future as the capital programs proceed.

Due to insufficient DC collections, \$7.4 million of additional internal loans from Town reserves were required to finance growth-related capital programs (including outstanding commitments) and the shortfall in annual repayments of the existing internal loans.

Of special note, the outstanding internal loan for Municipal Parking (\$267,400) was retired due to a change in the DC Act, which rendered municipal parking lots ineligible for collection of DC charges. The impact of this legislative change is a permanent reduction of \$267,400, in the reserve fund that had provided the internal loan.

The outstanding internal loan balance as of December 2022 totals \$28.6 million, after reflecting all known outstanding commitments. Internal loans were factored into the current 2022 DC By-law, for recovery from future development charges.

**Schedule 2** provides a list of current growth-related capital projects that were funded from DCs. \$3.3 million was funded by DCs in 2022 and a further \$9.0 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 2022-0042 (i.e.: 2022 to 2027). The Town expects to incur a total of \$123.8 million in growth- related capital costs during this period, which is lower than the \$210.0 million anticipated in the 2022 DC Background Study.

The pace of development has been slower than anticipated and, as a result, the Town has deferred some capital projects to better align the expenditures to the timing of growth and DC collections.

**Schedule 4** provides detailed information on the Town's 2022 growth-related debt repayments. Total principal and interest repayments for 2022 were \$4.6 million. \$3.0 million of this was funded by DCs for eligible growth related projects and the remaining debt carrying costs for the Town of \$1.6 million was funded through other reserves, recoveries, and operating budget funds.

**Schedule 5** provides information on the DC credits that are recognized under Section 38 of the DCA. 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. In accordance with the terms set out in the financial agreement, DC credits totaling \$1,387,000 will be provided against the Growth-Related Studies component of future DCs payable (under DC by-law 2022-0042) by the landowners based on their proportionate shares.

**Schedule 6** provides the list of Transportation projects that were approved to be funded through development charges through the Town's 2023 Capital Budget. The DCA requires that the Town allocate at least 60% of the monies in the Transportation DC reserve fund at the beginning of the year. The available balance in this DC fund at the beginning of 2023 is \$0, and as a result, the requirement to utilize at least 60% of the fund balance in the following year (2023) is \$0. All eligible projects identified for DC funding in this schedule will require an internal loan from Town reserves until sufficient DCs can be recovered.

### **Parkland Dedication Reserve Fund Statement**

As a requirement of Section 42 (17) of the *Planning Act R.S.O 1990* and Section 7(1) of O. Reg. 509/20 select prescribed information 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.

Furthermore, section 42 (16.1) of the Planning Act requires a municipality to spend or allocate 60 percent of the monies in the special account at the beginning of each calendar year.

The 2022 Treasurer's statement for the cash-in-lieu of parkland (CIL) reserve is included in schedules 7 to 9, and addresses the requirements outlined in legislation.

**Schedule 7** provides a summary of the revenues collected, the opening and closing balances, as well as a summary of financial transactions that occurred within the reserve fund during the year. The Town collected \$629,061 from developers in 2022 and earned \$204,395 in interest on the balance of the CIL reserve fund.

**Schedule 8** provides a list of current capital projects for parks purposes that have received contributions from CIL. In 2022, the Town used \$81,600 of CIL to fund staff resources to undertake work activities including asset management and capital project management. \$210,164 of the available funds were committed through approved capital budgets to fund future expenditures.

**Schedule 9** provides the list of projects that have been allocated CIL funding in the Town's 2023 Capital Budget and Forecast. The Town is required to spend or allocate at least 60% of the monies in the CIL reserve fund at the beginning of the year on eligible projects.

### **Community Benefits Charges**

Section 7(1) of O. Reg. 509/20 also prescribes the information that must be provided to the public through annual financial statements for community benefits charges (CBC) collected by the Town. No CBC revenues were collected or spent by the Town in 2022.

### **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 2022 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 internal loans of \$28.6 million from Town reserves to interim finance growth-related capital projects have an immediate 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 and Acting Commissioner  
of Corporate Services

Chris Mills, Chief Administrative Officer