



## REPORT

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

**FROM:** Scott O'Donnell, Senior Financial Analyst – Long Range  
Financial Plan

**DATE:** July 8, 2024

**REPORT NO.:** CS-2024-021

**SUBJECT:** 2023 Treasurer's Statement for Development Charges Reserve  
Funds, Parkland: Cash-In Lieu Reserve Fund, and Community  
Benefits Charges Reserve Fund

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### RECOMMENDATION:

THAT Report No. CS-2024-021 dated July 8, 2024, regarding the 2023 Treasurer's Statement for development charges reserve funds, parkland: cash-in-lieu reserve fund, and community benefits charges 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 2023 activity related to the Development Charges, the Parkland: Cash in Lieu, and the Community Benefits Charges reserve funds as required by Ontario's *Development Charges Act* and *Planning Act*.
- The internal borrowing from the Town's capital reserves to interim finance growth-related capital projects amounted to \$34.3 million as of December 31, 2023, after factoring in all known outstanding commitments.

### BACKGROUND AND DISCUSSION:

In accordance with the *Development Charges Act* and the *Planning Act* the Treasurer is required to provide Council with an annual financial statement on the development charges, the parkland: cash-in-lieu, and the community benefits charges reserve funds.

## Development Charges Reserve Fund Statement

The following extracted paragraphs of Section 12(2) of Ontario Regulation (O.Reg.) 82/98 prescribe the information that must be included in the annual 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,
    - 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)

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. Service 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.

In addition, 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 2023 development charges (DC) Treasurer's statement completed as part of the above requirements is presented in Schedules 1 to 6 of Appendix A to this report.

**Schedule 1** provides a summary of the development charges reserve funds including the opening and closing balances as well as a summary of financial transactions that occurred within the reserve funds during the year. The Town collected \$1.0 million in DCs in 2023 and earned interest of \$394,078 on the combined balance of DC funds. \$3.2 million was used to fund growth-related capital expenditures, \$2.3 million was transferred to the operating fund to finance growth-related debt servicing costs and \$4.4 million was transferred to the Town's reserves to re-pay previously incurred internal borrowing. \$9.9 million of DC funds have already been committed through previous budgets and will be spent on future expenditures as the capital programs proceed.

Due to insufficient DC collections, \$14.5 million of additional internal loans from Town reserves were required in 2023 to interim finance the growth-related capital program (including outstanding commitments) and a portion of the annual repayments of existing internal loans. This brings the total amount of internal loans to \$34.3M, and is intended to be recovered from future DC revenue collections as growth occurs. Table 1 below provides a breakdown of the internal loans by the type of development charge reserve fund.

**Table 1 – Breakdown of Internal Loans at December 31, 2023 by DC Reserve Fund**

Interfund Loan Summary							
Reserve Fund	Borrowed From	Interfund Loan 1-Jan-23	2023 Additions	2023 Repayments	Est. Interfund Loan 31-Dec-23	Est. Interfund Loan for OC** 31-Dec-23	Proj. Interfund Loan Balance After OC 31-Dec-23
Transportation Services	New Capital Rsv	\$ 416,377	\$ -	\$ (170,625)	\$ 245,752	\$ 4,528,025	\$ 4,773,777
Storm Water Management Services	New Capital Rsv	\$ 583,710	\$ 145,472	\$ (135,269)	\$ 593,913	\$ 77,632	\$ 671,544
Fire Protection Services	New Capital Rsv	\$ 924,741	\$ 142,005	\$ (80,190)	\$ 986,557	\$ -	\$ 986,557
Fire Protection Services	Fire Services Rsv	\$ 312,847	\$ -	\$ (111,870)	\$ 200,976	\$ -	\$ 200,976
Recreation and Parks Services	New Capital Rsv	\$ 19,424,016	\$ 5,412,775	\$ (2,861,607)	\$ 21,975,185	\$ 2,479,681	\$ 24,454,866
Library Services	New Capital Rsv	\$ 1,431,801	\$ 540,524	\$ (174,817)	\$ 1,797,509	\$ -	\$ 1,797,509
Administrative Services	New Capital Rsv	\$ 427,549	\$ 442,775	\$ (157,968)	\$ 712,356	\$ 729,940	\$ 1,442,297
Transit Services	New Capital Rsv	\$ 6,223	\$ -	\$ (902)	\$ 5,321	\$ 7,127	\$ 12,448
		<b>\$ 23,527,265</b>	<b>\$ 6,683,552</b>	<b>\$ (3,693,247)</b>	<b>\$ 26,517,570</b>	<b>\$ 7,822,405</b>	<b>\$ 34,339,974</b>

\*\* OC: Outstanding Capital Commitments

**Schedule 2** provides a list of current approved growth-related capital projects that have required funding from DCs. \$3.2 million of 2023 expenditures were funded by DCs and a further \$15.5 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 as required under section 12(3) of O.Reg. 82/98 as noted above. The Town expects to incur a total of \$367.0 million in growth-related capital costs during the allowable 10-year period of the by-law, which is higher than the \$281.0 million anticipated in the 2022 DC Background Study. This is primarily due to cost escalations estimated by staff for various capital projects that have been included in the 2022 DC Background Study. The Town continues to monitor and adjust the timing of projects in consideration of the pace of growth and cost escalations as part of updates to the Town's Long-Range Financial Plan.

**Schedule 4** provides detailed information on the Town's 2023 growth-related debt repayments. Total principal and interest repayments on growth-related debt for 2023 were \$2.8 million. \$2.3 million of this was funded by DCs and \$445,242 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 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, or any subsequent by-law) by the landowners based on their proportionate shares.

**Schedule 6** provides the list of Transportation projects that have been allocated DC funding in the Town's approved 2024 Capital Budget and Forecast. As previously mentioned, subsection 35(2) of 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. As shown in Schedule 6, the Town has allocated all the monies in the Transportation DC reserve at the beginning of 2024.

### **Parkland Dedication and Community Benefits Charges Reserve Fund Statements**

The following paragraphs of Section 7(1) of O.Reg 509/20 prescribe the information that must be provided to the public through annual financial statements for both the Parkland Dedication and Community Benefits Charges Reserve Funds as required by sections 42(17) and 37(48) of the *Planning Act* respectively. The regulation stipulates that the following is required:

1. Statements of the opening and closing balances of the special account and of the transactions relating to the account.
2. In respect of the special account referred to in subsection 37(45) of the Act, statements identifying,

- i. Facilities, services, and matters acquired during the year with funds from the special account,
  - ii. Details of the amounts spent, and
  - iii. For each facility, service or matter mentioned in subparagraph I, the manner in which any capital cost not funded from the special account was or will be funded.
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

Furthermore sections 42(16.1) and 37(47) of the *Planning Act* requires a municipality to spend or allocate 60 percent of the monies held in a special account for Cash-in-lieu of Parkland Dedication, and Community Benefits Charges at the beginning of each calendar year. **Schedule 10** found in Appendix A to this report provides a list of projects that have been allocated both CIL and CBC funding in the Town's 2024 Capital Budget and Forecast.

#### Parkland: Cash-in-lieu Reserve Fund

The 2023 Treasurer's statement for the Parkland: Cash-In-Lieu Reserve Fund (CIL) is included in schedules 7, 8, and 10 found in Appendix A to this report.

**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 \$3.4 million from developers in 2023 and earned \$331,765 in interest on the balance of the CIL. After accounting for utilization and remaining outstanding commitments the ending balance for the Parkland Cash-in-lieu reserve fund is \$12.6M for 2023.

**Schedule 8** provides a list of current capital projects for parks purposes that have utilized CIL. In 2023, the Town used \$223,101 of CIL to fund staff resources to undertake parks-related work activities including asset management and capital project management, as well as to fund direct expenses related to the Hungry Hollow Ph4 – MECP Permit project. \$510,164 of the available funds were committed through approved capital budgets to fund future expenditures.

## Community Benefits Charges Reserve Fund

The 2023 Treasurer's Statement for the Community Benefits Charges Reserve Fund (CBC) is included as Schedules 9 and 10 found in Appendix A to this report.

**Schedule 9** provides a summary of the opening and closing balances, a summary of revenue and interest earned, as well as utilization of CBC funds in 2023. The Town collected \$712,781 in 2023 and earned \$3,776 in interest on the balance of the CBC. After accounting for utilization and remaining outstanding commitments, the ending balance for the Community Benefits Charges Reserve Fund is \$716,557 for 2023.

### **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 2023 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 balance of the Town's internal borrowing of \$34.3 million from the Town's reserves to interim finance growth-related capital projects has 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,

Joseph Vandermeer, Deputy Treasurer

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer