



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Jinsun Kim, Financial Consultant
Moya Jane Leighton, Director of Accounting and Town Treasurer

DATE: June 19, 2020

REPORT NO.: CORPSERV-2020-0026

RE: 2019 Treasurer's Statement for Development Charges Reserve Funds, Parkland Dedication Reserve Fund and the Public Benefits Reserve Fund

RECOMMENDATION:

THAT Report No. CORPSERV-2020-0026 dated June 19, 2020 regarding the 2019 Treasurer's statement for development charges reserve funds, parkland dedication reserve fund and the public benefits reserve fund be received

BACKGROUND:

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

COMMENTS: 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 2019 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 charge (DC) reserve funds 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 recognized the DC collection of \$2.4 million in 2019, including \$1.0 million of DC collected for the year and \$1.4 million recognized for the developers' contributions in relation to the Southwest Georgetown Integrated Planning Project as discussed below.

Interest of \$130K has also been earned on the combined balance of DC funds. In 2019, DCs were required to fund the addition of \$4.6 million in assets, \$1.7 million of expenditures that did not meet the asset capitalization threshold, and \$2.6 million of debenture principal and interest for previously acquired assets.

The outstanding commitments column summarizes the DC funds that have already been committed through previous budgets, and will be recognized once the expenditures have been incurred.

Due to insufficient development charges collections, the financing of growth-related capital programs required the Town to interim finance this shortfall through interfund loans from its reserves in the amount of \$19.2 million to date. This information was previously presented to Council and approved as part of Halton Hills Reserves, Reserve Funds, Deferred Revenue and Trust Fund Report, CORPSERV-2019-0011. Additionally, to interim finance debenture-related repayments from DCs, a series of loans over a ten year period between the New Capital (formerly called Special Infrastructure Levy) Reserve and the Recreation and Parks DC Reserve Fund were approved through Council Report FIN-2016-0023.

Schedule 2 provides a list of current growth-related capital projects that have required contributions from DCs. In total, the Town expended \$6.3 million on eligible growth-related projects in 2019 with a further \$7.8 million of DCs committed through approved capital budgets to fund future expenditure on projects.

Schedule 3 provides detailed information on the Town's 2019 debt repayments. Total principal and interest repayments for 2019 were \$4.6 million; of which \$2.6 million was the DC financing share and \$2.0 million was funded through operating budget funds and other reserves.

Schedule 4 provides information on the development charges 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 a 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 to be recoverable through future DC collections after taking into consideration the 10% statutory deduction required under the Act. Therefore, in accordance with the terms set out in the Financial Agreement, the 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) 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
 - (iv) 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 2019 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 \$835K from developers in 2019 and earned \$162K in interest on the balance of the CIL reserve fund. There was no utilization of the fund during the year.

Schedule 6 provides a list of current capital projects and current operations for parks purposes that have received contributions from CIL. In 2019, the Town carried \$27,761 of CIL funds from 2018, which has been committed through approved capital budgets to fund future expenditure on projects. These funds will be recognized once the expenditures have been incurred.

Public Benefits Reserve Fund Statement

Section 37 of the Planning Act prescribes the information that must be provided to council with annual financial statements on the Town's Public Benefits Reserve Fund. This section of the Planning Act permits the Town to authorize increases in permitted height and/or density through a zoning bylaw in return for community benefits.

At this time, the Town does not hold any funds received under section 37.

RELATIONSHIP TO STRATEGIC PLAN:

The recommendations within this report support Council's strategic priority regarding financial sustainability:

Establish sustainable financing, asset management and master plans to acquire, operate, maintain, renew and replace infrastructure.

FINANCIAL IMPACT:

The current inter-fund loans of \$19.2 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 incorporated into the next Development Charges Background Study and Long Range Financial Plan projections.

CONSULTATION:

Financial data used to complete the 2019 Annual Financial Statements and Financial Information Return was referred to in the compilation of this report.

PUBLIC ENGAGEMENT:

There has been no public engagement by the Town with respect to this report.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

COMMUNICATIONS:

A copy of this report will be forwarded to the Minister of Municipal Affairs and Housing if requested. The report will also be made available to the public for information on the Town's website

CONCLUSION:

As required by the Development Charges Act, 1997, and the Planning Act, the Treasurer's annual statement regarding the 2019 activity related to the Development Charges Reserve Funds and the Cash-In-Lieu of Parkland Reserve Fund is provided to Council for information.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to read "M. J. Leighton".

Moya Jane Leighton, Town Treasurer and Director of Accounting

A handwritten signature in black ink, appearing to read "C. Mills".

Chris Mills, Commissioner of Corporate Services

A handwritten signature in black ink, appearing to read "Brent Marshall".

Brent Marshall, Chief Administrative Officer