



## The Corporation of the Town of Tecumseh

Financial Services

**To:** Mayor and Members of Council

**From:** Tom Kitsos, Director Financial Services & Chief Financial Officer

**Date to Council:** February 28, 2023

**Report Number:** FS-2023-02

**Subject:** 2021 Development Charge Reserve Fund Statement

---

### Recommendations

It is recommended:

**That** the 2021 Development Charge Reserve Fund Statement, prepared in accordance with the Development Charges Act, 1997, S.O. 1997, c. 27, s. 43, **be received**;

**And that** the 2021 Development Charge Reserve Fund Statement **be made available** to the public on the Town's website in accordance with the Development Charges Act, 1997, S.O. 1997, c. 27, s. 43 (2.1); 2015, c. 26, s. 7 (1);

**And further that** the report **be forwarded upon request** to the Ministry of Municipal Affairs and Housing as per the Development Charges Act, 1997, S.O. 1997, c. 27, s. 43 (3); 2015, c. 26, s. 7 (2).

### Background

Section 43 of the Development Charges Act states, "the Treasurer of a municipality shall each year on or before such date as the council of the municipality may direct, give the council a financial statement relating to development charge by-laws and reserve funds established under section 33."

By motion RCM 779/03, Council directed that the Development Charge (DC) financial statement be provided by June 30 of each year following.

The statement must include opening and closing balances, transactions and such information as is prescribed in the regulations.

Section 43 of the Development Charges Act, 1997, prescribes the statement must be made available to the public.

## Comments

The development charge reserve fund balance as of December 31, 2021 is \$1,699,302 (2020 balance was \$1,059,359). This represents the amount of funds in specific DC reserve fund categories that have been collected through development charges and are available to fund growth related projects (Attachment 1).

A number of growth-related projects have been undertaken in the last several years. The DC reserve funds for many of the DC reserve fund categories have been inadequate to fully fund these projects so it has been necessary to temporarily fund these works from other sources until DC fund revenue is collected.

The amounts remaining unfunded as of December 31, 2021 are presented below. Details are provided in Attachment 4 (Schedule "C").

DC Category	2021	2020	2019	2018
Roads	\$ 149,355	\$ 360,594	\$ 967,428	\$ 1,105,613
Wastewater	\$ 11,097,886	\$ 11,895,806	\$ 12,109,917	\$ 11,780,052
Watermain	\$ 487,984	\$ 746,837	\$ 901,304	\$ 968,283
Recreation	\$ 947,100	\$ 1,070,231	\$ 1,224,667	\$ 898,391
Studies	\$ 933,313	\$ 1,118,405	\$ 966,297	\$ 861,876
<b>Total Unfunded</b>	<b>\$ 13,615,638</b>	<b>\$ 15,167,158</b>	<b>\$ 16,169,613</b>	<b>\$ 15,614,215</b>

Interim financing for the Roads, Recreation and Studies unfinanced components has been provided from reserves and taxation while Wastewater and Watermain unfinanced amounts have been provided from wastewater and water rates.

As amounts become available to repay the unfunded balances, these funds are used to repay the original source of funding or allocated to the Capital Infrastructure Reserve where the amount was funded by taxation (RCM-287/09; FS Report 13/09).

Based on the current rate of development and projects being completed it is anticipated it will be a number of years before there are sufficient funds available in the DC reserve fund to repay unfunded balances.

## **Consultations**

None

## **Financial Implications**

The Town's DC Reserve Funds have accumulated an overall deficit balance as DC revenues have historically been insufficient to cover eligible growth expenditures. The Town has funded this shortfall internally through Town Lifecycle Reserves and/or Water/Wastewater Reserve Funds, with the intention of repaying the funds as DC revenues are received.

That overall deficit was reduced for the year ended 2021 as DC revenues collected during the year exceeded eligible expenditures.

## Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

## Communications

Not applicable ☐

Website ☒      Social Media ☐      News Release ☐      Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Zora Visekruna, MBA  
Deputy Treasurer & Manager Financial Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
1	Development Charge Reserve Fund Statement
2	Schedule "A" – Development Charge Related Capital Projects
3	Schedule "B" – Development Charge Related Studies
4	Schedule "C" – Unfunded Development Charge Amounts