



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: July 9, 2024

Report Number: FS-2024-11

Subject: 2023 Development Charge Reserve Fund Statement

Recommendations

It is recommended:

That the 2023 Development Charge Reserve Fund Statement (Financial Services Report No. FS-2024-11), prepared in accordance with the Development Charges Act, 1997, S.O. 1997, c. 27, s. 43, **be received**;

And that the 2023 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(1) 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 DC financial statement provided must include opening and closing balances of the reserve funds, transactions relating to the funds, and other information prescribed in Section 43(2) of the Development Charges Act, 1997.

Section 43(2.1) of the Development Charges Act, 1997, states the statement must be made available to the public.

Comments

The development charge reserve fund balance as of December 31, 2023 is \$655,367 (2022 balance was \$2,199,187). 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 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, 2023 are presented below. Details are provided in Attachment 4 (Schedule "C").

DC Category	2023	2022	2021	2020
Fire	\$ -	\$ 105,868	\$ -	\$ -
Roads	\$ -	\$ 582,240	\$ 149,356	\$ 360,594
Wastewater	\$ 10,836,072	\$ 11,097,886	\$ 11,097,886	\$ 11,895,806
Watermain	\$ 443,040	\$ 487,984	\$ 487,984	\$ 746,837
Recreation	\$ 460,069	\$ 1,091,897	\$ 947,099	\$ 1,070,231
Studies	\$ 974,486	\$ 1,015,991	\$ 933,313	\$ 1,118,405
Total Unfunded	\$ 12,713,667	\$ 14,381,866	\$ 13,615,638	\$ 15,167,158

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 several years before there are sufficient funds available in the DC reserve fund to repay unfunded balances.

The Town complies with Section 59.1(1) of the Development Charges Act, 1997, whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the Development Charges Act, 1997 or another Act.

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 2023 as DC revenues collected during the year exceeded eligible expenditures.

Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

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:

Katherine Mao, BComm, MIBM
Financial Analyst

Reviewed by:

Vanessa DaDalt, CPA, CA, CTP
Deputy Treasurer & Manager Revenue Services

Reviewed by:

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

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	2023 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