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**For Information**

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REPORT TITLE: **Statement of Development Charges Reserve Funds - Fiscal Year 2022**

FROM: Patricia Caza, Chief Financial Officer and Commissioner of Corporate Services

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**OBJECTIVE**

To provide the statement of development charges reserve funds for fiscal year 2022 to meet the annual statutory reporting requirement.

**REPORT HIGHLIGHTS**

- Section 43 of the *Development Charges Act, 1997* (“DC Act”) requires that the Treasurer of the municipality provide to Council annually a financial statement of development charges (DC) related transactions and balances.
  - Appendix I of the subject report – Statements of Development Charges Reserve Funds – Fiscal 2022 summarizes the DC reserve transactions and activities for the year ended December 31, 2023, which resulted in a net increase of \$63.0 million (from a consolidated DC reserve funds balance of \$30.0 million to \$93.0 million).
  - A report titled, “Peel’s Growth Management Program and Development Charge Performance – 2022 Overview and Progress Report”, was presented at the April 27, 2023 Regional Council meeting and provides further details on development patterns in Peel and the Region’s development charge revenue performance.
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**DISCUSSION**

**1. Background**

In accordance with Section 33 of the DC Act, the Region of Peel maintains separate reserve funds for each program that a DC relates to (e.g., Water, Roads, and Wastewater). The monies collected from Development Charges By-law 77-2020, as well as GO Transit By-law 45-2001 have been distributed to the appropriate development charges reserve funds. Pursuant to Section 43 of the DC Act, the Regional Treasurer shall present a financial statement to Regional Council regarding the DC by-laws and reserve funds. The Treasurer’s statement must include, for the preceding year:

- a) statements of the opening and closing balances of the reserve funds and of the transactions relating to the funds;
- b) statements identifying:
  - i. all assets whose capital costs were funded under a development charge by-law during the year,

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- ii. for each asset mentioned in subclause (i), the manner in which any capital cost not funded under the by-law was or will be funded; and,
- c) a statement as to compliance with Subsection 59.1(1) of the DC Act, in that it did not impose a charge related to a development, or a requirement to construct a service related to development, except as permitted by the DC Act, or another Act.

The Treasurer is also required to provide a copy of the statement to the Minister of Municipal Affairs and Housing upon request.

Section 14 of the 1989 DC Act stipulates that current or former owners of land who paid a lot levy are entitled to a credit for those payments. The DC Act required owners and former owners to apply for credit by October 31, 1999. The Region of Peel is obligated to fund the total credit claims applied for within the prescribed period.

This required information is provided in the schedules contained in Appendix I structured into the following four sections:

- a) Schedule A: Summary of the Statement of Development Charges Reserve Funds;
- b) Schedule B: Details of Project Funding by Program;
- c) Schedule C: Section 14 Credit Holders; and,
- d) Schedule D: Glossary of Terms.

## 2. Analysis - Development Charges Reserve Fund Statement

A staff report titled “Peel’s Growth Management Program and Development Charge Performance – 2022 Overview and Progress Report” was presented at the April 27, 2023, Regional Council meeting and provides further details on development patterns in Peel and the Region’s DC revenue performance.

In 2022, DC contributions were greater than DC expenditures including debt repayments. As a result, a net contribution of \$60.4 million was made to the DC Reserve Fund as outlined in Table 1.

**Table 1 - 2021 and 2022 DC Activity Summary (\$ Millions)**

	<b>2021</b>	<b>2022</b>	<b>Year-Over-Year Change</b>
DC Collections	290.7	411.8	29.4%
Less: Capital Expenditures	175.0	242.0	38.3%
Less: External Debt Repayments	238.9 <sup>b</sup>	109.4	(54.2%)
Net Contribution/(Draw) to DC Reserve Fund <sup>a</sup>	(123.2)	60.4	

<sup>a</sup> Excludes internal interest & transfers from other reserves.

<sup>b</sup> 2021 external debt repayment charges include a repayment of refinancing 2010 debt issuance.

## Statement of Development Charges Reserve Funds - Fiscal Year 2022

Table 2 presents information reported in Section A of Appendix I, which outlines the 2022 Status Summary of DC Reserve Funds, in which the year's beginning balance includes total gross debt at the time of \$1.7 billion. Given the net contribution of \$60.4 million, no additional debt was issued during 2022. Consequently, the Regional DC program currently has \$1.7 billion in gross DC debt at the end of 2022 (outstanding debt balance of \$1.2 billion). The DC reserve transactions and activities for the year ended December 31, 2022, resulted in \$93.0 million available to fund capital projects and a balance of negative \$2,091 million after commitments to active capital works.

**Table 2 - 2022 Status Summary of DC Reserve Funds  
(\$ Millions)**

<b>Beginning Balance as at January 1, 2022</b>	<sup>a,b</sup>		<b>30.1</b>
Add:			
Developer Contributions		411.8	
Internal Interest Income		2.6	414.4
		<u>          </u>	
Less:			
Capital Spending		(242.0)	
External Debt Repayment Charges			
Sinking Fund Contribution		(46.6)	
Principal		(3.4)	
Interest Expense		(59.4)	
		<u>          </u>	<u>          </u>
			93.0
<b>Available Funds for Capital Projects</b>			<b>93.0</b>
Less:			
Outstanding Section 14 Credits		(3.7)	
Balance Committed to Active Capital Works Projects (Encumbrance)		(2,180.4)	(2,184.1)
		<u>          </u>	<u>          </u>
<b>Over Committed Development Charges Reserve Fund As at December 31, 2022</b>			<b><u>(2,091.1)</u></b>

<sup>a</sup> The reserve balance has been credited with total gross debt issued for DC purposes of \$1.753 billion.

To date \$578.3 million in cumulative sinking fund and principal payments have been made.

<sup>b</sup> Numbers may not add due to rounding.

## CONCLUSION

The subject report complies with the Region of Peel's reporting obligation under Section 43 of the *Development Charges Act, 1997* ("DC Act"). The attached Statements of Development Charges Reserve Funds – Fiscal 2022 (Appendix I) are presented to Council in compliance with the DC Act.

## APPENDICES

Appendix I - Statement of Development Charges Reserve Funds - Fiscal Year 2022  
(Sections A-D)

**Statement of Development Charges Reserve Funds - Fiscal Year 2022**



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Patricia Caza, Chief Financial Officer and Commissioner of Corporate Services

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