

If you require this information in an alternate format, please contact the Accessibility Coordinator at accessibility@northumberlandcounty.ca or 1-800-354-7050 ext. 2327



## Report 2022-119

**Report Title:** 2021 Development Charges – Treasurer’s Annual Statement

**Committee Name:** Finance and Audit

**Committee Meeting Date:** August 2, 2022

**Prepared by:** Glenn Dees  
Director of Finance/Treasurer  
Finance

**Approved by:** Jennifer Moore, CAO

**Council Meeting Date:** August 18, 2022

**Strategic Plan Priorities:**  Economic Prosperity and Innovation  
 Sustainable Growth  
 Thriving and Inclusive Communities  
 Leadership in Change

---

### Information

“**That** the Finance and Audit Committee receive Report 2022-119 ‘2021 Development Charges – Treasurer’s Annual Statement’ for information; and

**Further That** the Committee recommend that County Council receive this report for information.”

---

### Purpose

The purpose of this report is to provide information related to the Development Charge Reserve Fund transactions for the periods October 1, 2020 to December 31, 2020 and January 1, 2021 to December 31, 2021.

## **Background**

Council formally authorized staff to commence processes for the undertaking of a County-wide Development Charge (D.C.) Background Study in 2019. Further, this was formally identified within the Council approved County Strategic Plan (2019-2023) as a specific objective. Identified as such under the Sustainable Growth Priority to 'Evaluate a County-wide Development Charge' and ensure 'growth pays for growth'. With this direction, staff undertook an extensive process to implement the first County-wide D.C. in 2020.

In 2020, By-law 2020-36 was enacted to impose the first County-wide D.C. effective October 1, 2020. Further, this By-law was subsequently amended under By-law 25-2021. Primarily, the amendment to the By-law was to update the D.C. Background Study and associated By-Law to reflect for changes under the Development Charges Act inclusive of allowing municipalities to recover discounted D.C.'s for certain services that previously had in place a statutory 10% reduction.

## **Consultations**

Consultations on the accounting treatment for D.C.'s were facilitated with the County auditors, Baker Tilly and, for ensuring application of policy and processes aligned with legislation, with Watson and Associates Economists Ltd.

## **Legislative Authority/Risk Considerations**

The Development Charges Act, 1997 as amended.

## **Discussion/Options**

D.C.'s are one-time fees levied by municipalities on new residential and non-residential lands to help pay for a portion of the growth-related capital infrastructure. The purpose of D.C.'s is to ensure that new development pays its proportionate share of the capital costs required to service the associated new development. It is common practice for municipalities in Ontario to utilize D.C.'s, thereby, ensuring that the capital cost of providing services to new development is borne by the development receiving the benefit.

With a County-wide D.C. now implemented staff will, on an annual basis, review the spending on growth related projects as identified in the Background Study and transfer the applicable D.C.'s collected that can be earned during the year as a source of financing.

The Development Charges Act, section 43(1) states that "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." In addition, Paragraphs 12 and 13 of Ontario Regulation 82/98 indicate the information to be included in the report. Appendix "A" provides a summary of the D.C.'s collected during the stub period of October 1, 2020 to December 31, 2020 as the initial period in which County-wide D.C.s commenced and fiscal year 2021 as the first full year including reserve fund transactions and balances. Appendix "B" provides a list of growth related capital

projects that have received contributions from the D.C.'s reserve funds for the same time periods.

## Financial Impact

As a result of the implementation of the first County-wide D.C., total funds collected from October 1, 2020 to December 31, 2021 amounted to \$1.7M. Of this, \$483K has been transferred to growth related projects within the D.C. Background Study towards financing eligible costs incurred to date with \$1.2M identified as deferred revenue on the County's 2021 Audited Financial Statements as represented by obligatory reserve funds. These funds will be utilized to source financing as future costs are incurred for identified growth related projects in the D.C. Background Study. Interest attributable to these funds for the period October 1, 2020 to December 31, 2021 will be allotted in 2022 and in-year for each year going forward. The interest for these periods will be identified as such in the 2022 Development Charges – Treasurer's Annual Statement. Further, the County has recorded unfinanced D.C.'s amounting to \$218K as at December 31, 2021 representing future funds to be collected on identified projects where their proportionate share of D.C.'s collected is yet to be realized.

A summary of the D.C. activities and obligatory reserve funds relating to By-law 2020-36, as amended under By-law 25-2021, is detailed below:

October 1, 2020 opening balance	-
Development Charges received	177,386
Transfers to capital projects (revenue earned)	(156,750)
	20,636
December 31, 2020 closing balance	20,636
January 1, 2021 opening balance	20,636
Development Charges received	1,554,533
Transfers to capital projects (revenue earned)	(326,483)
	1,248,686
December 31, 2021 closing balance	1,248,686

## Member Municipality Impacts

N/A

## Conclusion

Staff recommend that the Finance and Audit Committee receive the 2021 Development Charges – Treasurer’s Annual Statement for information and recommend that Council also receive this report for information.

## **Attachments**

- 1) Appendix A – 2021 Development Charges Reserve Funds Annual Continuity Statement by Service Category
- 2) Appendix B – 2021 Annual Development Charges Transfers by Project