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Report 2025-154

Report Title: Report 2025 - 154 '2024 Development Charges - Treasurer's Annual Statement'

Committee Name: Finance and Audit

Committee Meeting Date: July 29, 2025

Prepared by: Matthew Nitsch
Director of Finance/Treasurer
Finance

Approved by: Jennifer Moore, CAO

Council Meeting Date: August 13, 2025

Strategic Plan Priorities: Innovate for Service Excellence
 Ignite Economic Opportunity
 Foster a Thriving Community
 Propel Sustainable Growth
 Champion a Vibrant Future

Information Report

"That the Finance and Audit Committee receive Report 2025-`54 '2024 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 2024 fiscal year.

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.

On an annual basis, Finance staff 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 fiscal year 2024 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. Appendix “C” shows the County development charges that are currently in place.

Financial Impact

The total amount of development charge funds collected during 2024 amounted to \$1.0M. Of this, \$482K has been transferred to growth related projects within the D.C. Background Study towards financing eligible costs incurred to date with \$3.8M identified as deferred revenue on the County’s 2024 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 2023 was booked to the D.C. deferred revenue accounts in 2024. Interest for 2024 will be allotted in 2025. Further, the County has recorded unfinanced D.C.’s amounting to \$509K as at December 31, 2024 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:

January 1, 2024 opening balance	3,143,712
Development Charges received	1,006,974
Transfers to capital projects (revenue earned)	(481,508)
Interest (prior period)	83,021
December 31, 2024 closing balance	<u><u>3,752,197</u></u>

Member Municipality Impacts

N/A

Conclusion

Staff recommend that the Finance and Audit Committee and County Council receive the ‘2024 Development Charges – Treasurer’s Annual Statement’ for information.

Attachments

- 1) Report 2025-154 ATTACH 1 ‘Appendix A - 2024 Development Charges Reserve Funds Annual Continuity Statement by Service Category’
- 2) Report 2025-154 ATTACH 2 ‘Appendix B - 2024 Annual Development Charges Transfers by Project’
- 3) Report 2025-154 ATTACH 3 ‘Appendix C – Northumberland County Current Development Charges’