

Obligatory Reserve Funds (Deferred Revenues) and Reserves and Discretionary Reserve Funds as at September 30, 2021

Date: November 3, 2021

To: Budget Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

The City of Toronto (City) maintains balances that are recognized as revenues in future years, in addition to reserves and reserve funds that provide future funding offsets. This report provides balances for obligatory reserve funds (deferred revenues) and reserves and discretionary reserve funds as at September 30, 2021.

In addition, this report requests Council approval for administrative amendments to the City of Toronto Municipal Code Chapter 227, Reserves and Reserve Funds ("Chapter 227"). This includes a request to establish a new reserve and discretionary reserve fund change the names/purposes of a number of reserves and reserve funds to better reflect divisional allocation, and close five reserve/reserve fund accounts and transfer residual balances accordingly.

As at September 30, 2021, the City recognized \$8,978.8 million in total deferred revenues (obligatory reserve funds) and discretionary reserve funds, an increase of \$1,393.0 million from the December 31, 2020 balance of \$7,585.8 million. These balances are subject to annual changes based on receipts from third parties, recognition of amounts into revenue based on third party agreements and revenue recognition principles and transfers between funds, based on Council approvals. A total of 97.1% of the City's deferred revenues and reserves are fully committed, with the breakdown of the total balance as follows:

- Committed funds included in the City's reserves, or in support of legislated, contractually bound or Council-directed activities (\$8,059.6 million);
- Committed funds to fund capital costs and pressures on rate-based activities (\$655.5 million); and
- Uncommitted funds of \$263.7 million, or 2.9% of the total balance, to respond to various unanticipated costs and to stabilize various funding sources, including the tax base.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council approve the establishment of a discretionary reserve fund called the 'Toronto Public Library IT Asset Replacement Reserve Fund' in Appendix B, Schedule 7 - Corporate Discretionary Reserve Funds of the City of Toronto Municipal Code Chapter 227, Reserves and Reserve Funds, the purpose of which is to provide funding to purchase Information Technology (IT) equipment for Toronto Public Library (TPL) as part of the annual replacement cycle for IT equipment, with criteria set out in Appendix G.
2. City Council approve the establishment of a Stabilization Reserve called the 'Debt Servicing Stabilization Reserve' in Appendix A, Schedule 3 - Stabilization Reserves of the City of Toronto Municipal Code Chapter 227, Reserves and Reserve Funds, the purpose of which is to reduce the volatility of the City's annual debt service costs, with criteria set out in Appendix H.
3. City Council authorize that the name of the 'Sony Centre Facility Fee Reserve Fund' be changed to the 'TO Live Facility Fee Reserve Fund' and that the criteria sheet, reflecting changes to the purpose, and its contribution and withdrawal policies be amended, as outlined in Appendix I, and amend Appendix B, Schedule 8 of Chapter 227 to reflect the revised purpose.
4. City Council adopt a change in name of the 'Public Health Efficiency Reserve Fund' account to the 'Public Health Reserve Fund', as well as a change to its purpose and criteria as reflected in the revised Criteria Sheet in Appendix J, and amend Appendix B, Schedule 7 of Chapter 227 to reflect the revised name and purpose.
5. City Council authorize that the names of the following accounts be changed to be consistent with the change in name of their respective Divisions, and amend the schedules of Chapter 227 as set out in the following table:

Existing Reserve Name	Recommended New Reserve Name	Schedule #
E.M.S. - Vehicle Reserve	Toronto Paramedic Services Vehicle Reserve	Schedule 1
E.M.S. - Equipment Reserve	Toronto Paramedic Services Equipment Reserve	Schedule 1
Economic Development, Culture & Tourism Vehicle Reserve	Economic Development & Culture Vehicle Reserve	Schedule 1

Existing Reserve Name	Recommended New Reserve Name	Schedule #
Long-Term Homes & Services Reserve	Seniors Services and Long-Term Care Vehicle Reserve	Schedule 1
Homes for the Aged Stabilization Reserve	Seniors Services and Long-Term Care Vehicle Reserve	Schedule 3
Development Charges - Emergency Medical Services Reserve Fund	Development Charges - Toronto Paramedic Services Reserve Fund	Schedule 11
Homes for the Aged Reserve Fund	Seniors Services and Long-Term Care Reserve Fund	Schedule 13

6. City Council direct the following accounts, which have zero balances, be closed and deleted from the Schedules to Chapter 227 as set out in the table to follow.

Reserve Account	Beneficial Program	Schedule #
Mayor's Office Vehicle Reserve	Mayor's Office	Schedule 1
Sony Centre Stabilization Reserve	TO Live	Schedule 3
Bloor Street Transformation Maintenance Reserve Fund	Transportation Services	Schedule 8
St. Lawrence Centre for the Arts Reserve Fund	TO Live	Schedule 8
Modular Housing Reserve Fund	Corporate Real Estate Management	Schedule 15

7. City Council direct that the balance of the 'Toronto Centre for the Arts Improvement Reserve Fund' in the amount of \$213,689.00 be transferred to the 'TO Live Facility Fee Reserve Fund' and it be closed and deleted from Appendix B, Schedule 8 in Chapter 227.

8. City Council direct that the balance of the 'Toronto Centre for the Arts Stabilization Reserve' in the amount of \$372.76 be transferred to the 'TO Live Facility Fee Reserve Fund' and it be closed and deleted from Appendix A, Schedule 3 in Chapter 227.

9. City Council direct that the balance of the 'Water Efficiency Loan Reserve Fund' in the amount of \$2,393,277.21 be transferred to the Water Capital Reserve Fund (deferred revenue) and it be closed and deleted from Appendix C, Schedule 16 in Chapter 227.

FINANCIAL IMPACT

There are no current or known future year financial impacts arising from the recommendations contained in this report.

As noted above, the majority (97.1%) of the City's obligatory reserve funds (deferred revenues) and reserve amounts, are committed funds based on legislative or third party agreements, Council-directed activities, or to fund capital costs and pressures for rate-based activities. As at September 30, 2021, only 2.9% are available to respond to unanticipated costs or stabilize various funding sources, such as the tax base.

DECISION HISTORY

As per Chapter 227 of the Municipal Code, the Chief Financial Officer and Treasurer will report inflows and outflows of the City's obligatory reserve funds (deferred revenues), reserves, and discretionary reserve funds on a quarterly basis, as well as provide updates to this chapter of the Municipal Code, which reflects City Council's decisions and administrative changes made to maintain the accuracy of the City's reserves and reserve funds. To view prior period reports online, please see the links below:

Obligatory Reserve Funds (Deferred Revenues) and Reserves and Council-Directed Reserve Funds (Accumulated Surplus) as at December 31, 2020
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.AU9.3>

Obligatory Reserve Funds (Deferred Revenues) and Reserves and Council-Directed Reserve Funds (Accumulated Surplus) as at June 30, 2021
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX26.7>

Since the initial reorganization of Chapter 227 - Administration of Reserves and Reserve Funds, adopted by Council on October 31, 2005, the Chief Financial Officer has reported on updates to this chapter of the Municipal Code as a result of Council actions, administrative requirements of Programs and Agencies and/or financial administration considerations. The last such report was Administrative Amendment to Reserve Fund Accounts, adopted by Council on December 16, 2020.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX19.7>

COMMENTS

Overview of obligatory reserve funds (deferred revenues) and reserves and discretionary reserve funds

Deferred revenues reflect advance payments for goods and/or services that the City has not yet provided to a government, government organization, third-party entity or individual. Deferred revenues are recognized as earned revenue only after the delivery of required performance obligations (the execution of activities) or stipulations specified in related legislation, contracts or agreements. These balances earn interest and are recognized as liabilities that must be settled in the future on the City's consolidated financial statements.

Deferred revenue balances are accumulated when funds are received and reduced only with the recognition of revenues once terms and conditions are satisfied.

Reserves and discretionary reserve funds represent an allocation of accumulated net revenue, recognized as accumulated surplus in the City's consolidated financial statements. These amounts have accumulated over time, and are set aside for specific purposes, such as the replacement of capital assets. They also provide a measure of financial flexibility to react to cash budget funding shortfalls, and to address the immediate financial impact of significant unexpected issues. Amounts recognized as reserves do not earn interest, while amounts recognized as reserve funds earn interest.

Reserves and discretionary reserve funds are impacted by budgeted inflows and outflows made in accordance with Council's approvals during the regular budgeting cycle or through ad hoc requests.

The City provides Council approved loans from deferred revenues, reserves and discretionary reserve funds to various agencies, City programs and external parties to finance various operating and capital programs, such as the Residential Energy Retrofit Program, using interest free or low interest arrangements. These loans are managed through formal agreements with re-payment terms ranging between five to 50 years.

Cash funds are managed to achieve an optimal rate of return on a risk-adjusted basis in accordance with the Council-approved Investment Policy. Shorter term funds are managed internally to meet cash flow needs, while funds not immediately required are guided by the Toronto Investment Board who has contracted external investment managers to handle longer term investments. Interest is allocated to deferred revenues and discretionary reserve funds on an annual basis (at fiscal year-end) based on the interest forecasted to be earned from three-month Treasury bills at the time of the preparation of the annual operating budget.

A properly balanced approach to the planning and use of reserves and discretionary reserve funds is considered good financial management and is a key component of the City's strong credit rating. The City has a formal policy to align with best practices, support the stewardship and oversight of reserves and reserve funds, and demonstrate accountability.

Balances held by the City as at September 30, 2021

As at September 30, 2021, the City recognized a deferred revenues and reserves and discretionary reserve funds balance of \$8,978.8 million (2020: \$7,585.8 million); this balance includes loans receivables of \$65.8 million. The City's deferred revenues, reserves, and discretionary reserve funds balance increased by \$1,393.0 million or 18.36%, which resulted mostly from the following activities:

- Contributions of \$704.9 million from Water and Wastewater programs to the Water and Wastewater Capital Reserve Fund for capital financing;
- Receipt of \$481.2 million of development charges, park levies and Section 37 funds;
- Contribution of \$106.0 million to the City Building Reserve Fund from relevant Non-program cost centres;
- Contributions of \$56.1 million to the Vehicle & Equipment Replacement Reserve from operating divisions during the first nine months of the year.
- Receipt of \$46.3 million in Provincial Gas Tax revenue.

The following table summarizes the City's total deferred revenue, reserve, and discretionary reserve fund balances, which includes loans receivable balances, as at September 30, 2021, with a comparison to December 31, 2020.

These figures represent a snapshot of our balances at a moment in time. The amounts displayed do not reflect the planned commitments that are included in our annual Operating Budget and 10 Year Capital Plan, or other initiatives in the early stages of cost estimation which are subject to future year budget consideration.

As noted earlier, the majority (97.1%) of the City's obligatory reserve funds (deferred revenues) and reserve amounts, are committed funds based on legislative or third party agreements, Council-directed activities, or to fund capital costs and pressures for rate-based activities.

Table 1: Obligatory reserve funds (deferred revenues) and reserves and discretionary reserve funds, including loans receivables (\$ millions)

(\$ millions)	Sep. 30, 2021	Dec. 31, 2020
Obligatory reserve funds (deferred revenues):		
Restricted by Provincial legislation ¹		
Development charges	2,076.3	1,678.2
Parkland acq. / new development	765.9	745.2
Planning Act	402.1	393.2
Provincial Gas Tax revenues for Public Transit	0.5	0.0
Building Code Act service improvement	151.4	151.9
	3,396.2	2,968.5
Restricted by agreements with third parties ¹		
Community services	67.2	67.2
Third party agreements	16.5	18.6
Public Transit funds	97.6	96.5

(\$ millions)	Sep. 30, 2021	Dec. 31, 2020
State of good repair	10.7	10.5
Parking Authority	1.5	1.5
Water / wastewater	1,965.0	1,152.0
	<u>2,158.5</u>	<u>1,346.3</u>
Total obligatory reserve funds (deferred revenues) in the City's consolidated financial statements:	5,554.7	4,314.8
Reserves:		
Corporate	702.9	612.4
Stabilization	842.5	822.8
Water / wastewater	57.0	165.6
Donations	1.8	1.8
	<u>1,604.2</u>	<u>1,602.6</u>
Discretionary reserve funds:		
Employee benefits	465.7	478.3
Corporate ¹	819.3	696.6
Community initiatives ¹	212.5	213.7
State of good repair	322.4	279.8
	<u>1,819.9</u>	<u>1,668.4</u>
Total reserves and discretionary reserve funds in the City's consolidated financial statements	3,424.1	3,271.0
Total obligatory reserve funds (deferred revenues) and reserves and discretionary reserve funds	8,978.8	7,585.8

¹Year end 2020 balances in the City's consolidated financial statements differ slightly from this report as a result of a misallocation between federal and provincial government categories. The difference is not significant to the City's consolidated accumulated surplus balance, but will be corrected at Year end 2021. In addition, internal reserve fund loans to divisions and loans to consolidated entities are reflected in this report, but are eliminated upon consolidation of the City's overall financial statements.

Please refer to Appendices A, B, and C for details supporting the above reserves and discretionary reserve funds, as well as Appendices D, E, and F for details supporting the loans receivables.

The following table summarizes the City's loans receivable as at September 30, 2021, with December 31, 2020 comparatives:

Table 1: Loans receivable balances (\$ millions)

(\$ millions)	Sep. 30, 2021	Dec. 31, 2020
Obligatory reserve funds (deferred revenues):		
Restricted by Provincial legislation		
Development charges ²	10.8	11.4
	<u>10.8</u>	<u>11.4</u>
Restricted by agreements with third parties		
Community services	8.1	8.1
	<u>8.1</u>	<u>8.1</u>
Total obligatory reserve funds (deferred revenues) loans	18.9	19.5
Reserves:		
Stabilization	11.6	11.6
	<u>11.6</u>	<u>11.6</u>
Discretionary reserve funds:		
Corporate	14.2	16.6
Community initiatives	21.1	21.6
	<u>35.3</u>	<u>38.2</u>
Total reserves and discretionary reserve funds loans	46.9	49.8
Total obligatory reserve funds (deferred revenues) and reserve and discretionary reserve fund loans	65.8	69.3

²These balances are associated with loans that the City provided to external parties using the development charges reserve fund. Please refer to Appendix D for a list of external parties that have received a loan.

Please refer to Appendices D, E, and F for details supporting the loans receivables.

New Reserve Fund Accounts

a. Toronto Public Library IT Asset Replacement Reserve Fund

The purpose of the proposed reserve fund is to provide funding to purchase Information Technology (IT) equipment for Toronto Public Library (TPL) as part of the annual replacement cycle for IT equipment. In doing so, the reserve fund will promote efficiencies and provide budget stabilization to Toronto Public Library by moderating large fluctuations in annual replacement. Annual funding will come from Toronto Public Library's Operating Budget, increasing in the first five years to an amount that would ensure a sustainable reserve balance going forward while limiting annual budget pressures to reach that point, subject to future year budget approvals. Smaller annual increases, thereafter, will be determined based on the continuity schedule and will be influenced by inflation and increases to the asset inventory. Withdrawals will be included in Toronto Public Library's annual Capital Budget, subject to Council consideration and approval.

The proposed criteria page for the Toronto Public Library IT Asset Replacement Reserve Fund follows in Appendix G.

b. Debt Servicing Stabilization Reserve

Debt servicing costs: Actual debt servicing costs may differ from budget in a given year, due to actual interest rates; total debt issuance; and timing of issuance as compared to budgeted forecasts. The stabilization reserve will enable staff to contribute any annual underspending associated with debt servicing costs that may occur in a budget year to the reserve; or draw from the reserve if needed to offset actuals if greater than budget, to protect against volatility.

Recoverable Debt Payments: At its meeting on February 18, 2021, Council approved capital investments in the ModernTO initiative by which rental space/leases for certain Divisions and Agencies will be collapsed and the resulting reduction in rental expenses will be transferred to the proposed new reserve. This is to be drawn annually through the budget process, to support the City's debt servicing costs associated with ModernTO capital investments. Further budgeted lease amounts, as leases collapse, will be transferred to the reserve upon expiration. Withdrawals from the Debt Servicing Stabilization Reserve will be made as part of the annual Operating Budget process or through quarterly variance reporting.

The proposed criteria page for the Debt Servicing Stabilization Reserve follows in Appendix H.

Administrative Amendments to Existing Accounts

Reserve Name Changes and/or Changes to Purpose

a. Sony Centre Facility Fee Reserve Fund (XR3030) - recommended to be changed to TO Live Facility Fee Reserve Fund

At its May 9, 2019 meeting, the Board of Directors of TO Live approved amendments to TO Live Finance & Administration Policy 321 related to the Facility Fee Reserve Fund. The Board approved a change in the purpose of the reserve fund to allow the Reserve Fund to fund purchases of equipment and chattels. This change is reflected in a revised purpose as follows: "to fund minor state of good repair, minor heritage preservations and minor renovations of the theatre, purchase of equipment and chattels, as well as repayment of advances and/or loans – principal and interest – made by the City to the Board".

The Board also approved a modification to the contribution policy of the reserve fund to allow the Board more flexibility in handling and allocating naming rights revenue. The revised contribution policy is as follows:

Contributions to the Facility Fee Reserve Fund include: 1) a facility fee surcharge, which is applied to most tickets sold for attractions at a rate determined by the board (see policy #304 TO Live Facility Fee Policy), 2) capital salvage 3) a portion, as approved by

the Board, of the corporate and naming rights sponsorship revenue 4) developer capital contributions 5) other recoveries of a capital nature 6) other contributions as directed by the Board and approved by City Council.

The proposed amended criteria page for the TO Live Facility Fee Reserve Fund follows in Appendix I.

b. Public Health Efficiency Reserve Fund (XR1108)

The Public Health Efficiency Reserve Fund was approved by City Council at its meeting on March 4-8th, 2002 to fund debt charges arising from the Toronto Community Nursing and Customer Management System capital project. A change to its purpose was later approved by City Council at its meeting on August 25-27, 2010, to fund debt charges arising from the Toronto Community Health Information System. The criteria sheet for the Reserve Fund includes a policy that states that once the debt charges on the capital project are completely offset, the use of any additional funds to be withdrawn will be as either part of the normal operating and capital budget process or through a specific report to Council authorizing the purpose.

At its meeting on November 8 and 9, 2016, City Council approved the repurposing of \$0.499 million of the balance of the Public Health Efficiency Reserve Fund to fund the expansion and relocation of the Toronto Public Health dental clinic at the Scarborough Civic Centre.

Since the last debt charges were fully offset on December 31, 2011, staff are recommending that the purpose of the reserve fund be changed to fund budget pressures arising from any shortfall in provincial funding for cost shared or 100 percent city-funded programs and the name of the Reserve Fund be changed to the Public Health Reserve Fund. The current balance of the Reserve Fund is \$71,334.18. Any future contributions or withdrawals will made as part of the normal capital or operating budget process.

The proposed amended criteria page for the Public Health Reserve Fund follows in Appendix J.

Name Changes due to Changes in Program Names

Changes in name are recommended for the following reserves and reserve funds to be consistent with the changed names of their respective programs and that Chapter 227 of the Municipal Code be amended to reflect the revised names.

Cost Centre	Existing Reserve Name	Recommended New Reserve Name
XQ1018	E.M.S. - Vehicle Reserve	Toronto Paramedic Services Vehicle Reserve

Cost Centre	Existing Reserve Name	Recommended New Reserve Name
XQ1019	E.M.S. - Equipment Reserve	Toronto Paramedic Services Equipment Reserve
XQ1200	Economic Development, Culture & Tourism Vehicle Reserve	Economic Development & Culture Vehicle Reserve
XQ1203	Long-Term Homes & Services Vehicle Reserve	Seniors Services and Long-Term Care Vehicle Reserve
XQ1110	Homes for the Aged Stabilization Reserve	Seniors Services and Long-Term Care Vehicle Reserve
XR2103	Homes for the Aged Reserve Fund	Seniors Services and Long-Term Care Reserve Fund
XR2119	Development Charges - Emergency Medical Services	Development Charges - Toronto Paramedic Services

Discretionary reserve fund accounts with zero balances to be deleted:

a. Mayor's Office Vehicle Reserve (XQ1800)

The Mayor's Office Vehicle Reserve was created before Amalgamation to provide funding to purchase or acquire any vehicles for the Mayor's Office. Given that the balance is zero, it is being recommended that this account be closed and deleted from Chapter 227 of the Municipal Code.

b. Sony Centre Stabilization Reserve (XQ2031)

At its meeting on August 5-6, 2009, City Council authorized the originating reserve's name be changed from the Hummingbird Centre Stabilization Reserve to the Sony Centre Reserve. Since the reserve balance went to zero in May 2021 and the reserve is no longer required, it is being recommended that Chapter 227 of the Municipal Code be amended to remove the Sony Centre Stabilization Reserve from Schedule No. 3.

c. Bloor Street Transformation Maintenance Reserve Fund (XR3401)

At its meeting on June 23-24, 2008, City Council authorized the establishment of an obligatory reserve fund (deferred revenue) in Schedule 14 of Chapter 227 of the Municipal Code, called the "Bloor Street Transformation Maintenance Reserve Fund", to receive the payment from the Bloor Street Business Improvement Area to fund the purchase and installation of granite sidewalk and curb materials that may be needed from time to time for ongoing maintenance and repair of the Project infrastructure. According to the original agreement, the Bloor Street Business Area would make contributions of \$30,000 to the City starting in 2009 for 18 years.

At its meeting on August 25-28, 2014, City Council subsequently approved Bylaw 990-2014, which included amendments to Chapter 227 to reclassify a number of Obligatory Reserve Funds (deferred revenue) to Discretionary Reserve Funds, including moving the Bloor Street Transformation Maintenance Reserve Fund from Schedule 14 - State of Good Repair Obligatory Reserve Funds to Schedule 8 - State of Good Repair Discretionary Reserve Funds. The changes were made to be compliant with Public Sector Accounting Board Standard PS3410, as it was determined that these Obligatory Reserve Funds no longer met the standard for classifications as Deferred Revenue.

At its meeting on October 2-3, 2019, Council approved an amendment to the Bloor Street Transformation Project Agreement to allow the Bloor Street Business Improvement Area (BIA) to assume ongoing maintenance obligations for the project and to discontinue annual payments to the City for such maintenance work (MM10.29). According to Section 5 of 2019 Agreement, the City was required to credit the BIA for any unused balance in the reserve fund XR3401. As a result of the requirement to return the remaining balance to the BIA, the Reserve Fund has had a zero balance since July 2020, and it is being recommended that Chapter 227 of the Municipal Code be amended to remove the Bloor Street Transformation Maintenance Reserve Fund from Schedule 8.

d. St. Lawrence Centre for the Arts Reserve Fund (XR1046)

On September 28, 2018, the reserve fund was fully expended and there are no more planned contributions for this reserve fund. Since the reserve fund has a zero balance, it is being recommended that Chapter 227 of the Municipal Code be amended to remove St. Lawrence Centre for the Arts Reserve Fund from Schedule No. 8.

e. Modular Housing Reserve Fund (no cost centre assigned)

At its meeting on April 30, 2020, City Council authorized the establishment of an obligatory reserve fund account called the "Modular Housing Reserve Fund" in Schedule 15 - Third Party Agreements Obligatory Reserve Funds (deferred revenue), of the City of Toronto Municipal Code Chapter 227, to receive funds from Canada Mortgage and Housing Corporation for the design/purchase/installation of modular housing as well as lease payments from non-profit operators to repay the Canada Mortgage and Housing Corporation loan.

At the same meeting, Bylaw 343-2020 was approved to amend Municipal Code Chapter 227 to add the Modular Housing Reserve Fund to Schedule 15. At the time of setting up a cost centre to establish the reserve fund code, it was decided by Accounting Services, in consultation with the Controller, that a deferred revenue account was more appropriate given the limited time (less than one year) needed to hold the funding before being assigned to a capital account. For this reason it is being recommended that Chapter 227 of the Municipal Code be amended to remove the Modular Housing Reserve Fund from Schedule 15.

Transfer of Balance of Remaining Balance and Deletion from Chapter 227

a. Toronto Centre for the Arts Improvement Reserve Fund (XR3007)

At its meeting on December 10, 2008, City Council authorized that the name of the North York Centre for the Performing Arts Capital Maintenance Reserve Fund be changed to the North York Centre for the Arts Improvement Reserve Fund, with the purpose also changed "to provide funding to finance major and minor repairs, replacements and improvements". The name was subsequently changed to Toronto Centre for the Arts Improvement Reserve Fund. As a result of the consolidation of the City's Theatres under TO Live, it is being recommended that the Toronto Centre for the Arts Improvement Reserve Fund be closed, and the remaining reserve balance of \$213,689.00 be transferred to the TO Live Facility Fee Reserve Fund. Further, it is being recommended that Chapter 227 of the Municipal Code be amended to remove the Toronto Centre for the Arts Improvement Reserve Fund from Schedule 8.

b. Toronto Centre for the Arts Stabilization Reserve (XQ1060)

At its meeting on January 26-27, 2010, City Council authorized that the name of the North York Performing Arts Stabilization Reserve be changed to Toronto Centre for the Arts Stabilization Reserve, with the purpose changed to "provides funding to finance the Toronto Center for the Arts' operating deficits or to support fiscal stabilization activity through revenue generating plans and initiatives". As a result of the consolidation of the City's Theatres under TO Live, it is being recommended that the Toronto Centre for the Arts Stabilization Reserve be closed, and the remaining reserve balance of \$372.76 be transferred to the TO Live Facility Fee Reserve Fund. Further, it is being recommended that Chapter 227 of the Municipal Code be amended to remove the Toronto Centre for the Arts Stabilization Reserve from Schedule 3.

c. Water Efficiency Loan Reserve Fund (XR6013)

At its meeting on July 25-27, 2006, City Council authorized the establishment of the Water Efficiency Loan Reserve Fund (XR6013) to provide funding for a revolving loan program to provide loans to the City's Agencies, Boards, Commissions and Divisions, as well as the Toronto School Boards and the Toronto Community Housing Corporation. At the same meeting, funds in the amount of \$2 million were authorized from the Water Capital Reserve Fund (XR6003), to set up the Reserve Fund to provide repayable loans to the City's Agencies, Boards, Commissions and Divisions, as well as the Toronto School Boards and the Toronto Community Housing Corporation. The staff report stipulated that should the pilot prove to be unsuccessful, the remaining funds should be returned to the Water Capital Reserve Fund.

Since the revolving loan program never materialized, it is being recommended that the existing balance of \$2,393,277.21 be transferred to the Water Capital Reserve Fund, and Chapter 227 be amended to remove the Water Efficiency Loan Reserve Fund.

CONTACT

Andrew Flynn, Controller, Tel: 416-392-8427, Andrew.Flynn@toronto.ca

Sandra Califaretti, Director, Accounting Services, Tel: 416-397-4438,
Sandra.Califaretti@toronto.ca

David McLeod, Senior Financial Analyst, Financial Strategies & Policy, Tel: 416-392-4317, Email: David.McLeod@toronto.ca

SIGNATURE

Heather Taylor
Chief Financial Officer and Treasurer

ATTACHMENTS

- Appendix A: Obligatory Reserve Funds (Deferred Revenues) as of September 30, 2021
- Appendix B: Reserves as of September 30, 2021
- Appendix C: Discretionary Reserve Funds as of September 30, 2021
- Appendix D: Loan Receivable Balances - Obligatory Reserve Funds (Deferred Revenues) as of September 30, 2021
- Appendix E: Loan Receivable Balances - Reserves as of September 30, 2021
- Appendix F: Loan Receivable Balances - Discretionary Reserve Funds as of September 30, 2021
- Appendix G: Recommended Criteria Sheet for the Toronto Public Library IT Asset Replacement Reserve Fund
- Appendix H: Recommended Criteria Sheet for the Debt Servicing Stabilization Reserve
- Appendix I: Recommended Criteria Sheet for the TO Live Facility Fee Reserve Fund Reserve Fund
- Appendix J: Recommended Criteria Sheet for the Public Health Reserve Fund