

Administrative Amendments to Reserve Fund Accounts - 2017

Date: November 15, 2017

To: Executive Committee

From: Acting Chief Financial Officer

Wards: All

SUMMARY

This report seeks Council approval to implement a number of administrative amendments to City of Toronto Municipal Code Chapter 227, Reserves and Reserve Funds ("Chapter 227"). These amendments include refining the criteria of an existing account and deleting accounts which are no longer required.

RECOMMENDATIONS

The Acting Chief Financial Officer recommends that:

1. City Council adopt the revised purpose and the revised Criteria Sheet for the 'Tax Rate Stabilization Reserve' account, as provided in Appendix 1, and amend Schedule 3 of Chapter 227 to reflect the revised purpose.
2. 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.

Zero Balance Reserve/Reserve Fund Accounts		
Reserve Accounts	Beneficial Program	Schedule
Fort York (XQ4207) Historic House & Gardens (XQ4210) Montgomery's Inn (XQ4215) Todmorden Mills (XQ4214) York Museum (XR4218) Zion Schoolhouse (XQ4217) (all in the Museum Group of Accounts)	Economic Development & Culture	5
Culture Funding (XR1726)	Office of the Acting Chief Financial Officer	7
Parkland Acquisition – New Development (East York) (XR2034)	Parks, Forestry & Recreation	10

3. City Council authorize the transfer of the balances of the following pre-2004 Parkland Acquisition/Development Reserve Fund Accounts in column 1 to the corresponding 2004 Parkland Acquisition/Development Reserve Fund accounts in column 2 and direct the accounts in column 1 to be closed and deleted from Schedule 10 of Chapter 227.

Parkland Acquisition Account Transfers	
From (column 1)	To (column 2)
Parkland Acquisition – Land Acquisition (East York) (XR2033)	Parkland Acquisition – South District Local Land (XR2208)
Parkland Acquisition – Land Acquisition (Etobicoke) (XR2037)	Parkland Acquisition - West District Local Land (XR2202)
Parkland Acquisition – New Development (Etobicoke) – (XR2038)	Parkland Acquisition - West District Local Development (XR2203)
Parkland Acquisition – New Development (Scarborough) (XR2050)	Parkland Acquisition – East District Local Development (XR2205)
Parkland Acquisition – Pre-1999 (Etobicoke) (XR2002)	Parkland Acquisition - West District Local Land (XR2202)

4. City Council authorize the transfer of the balances of the following Donations Reserve Accounts within the Museum Account Group in column 1 to the corresponding Museum - General Account (column 2) within the same Museum Account Group, and direct the accounts in column 1 be closed and deleted from Schedule 5 of Chapter 227.

Museum Group Account Transfers	
From (column 1)	To (column 2)
Museum Donation – Scarborough Historical Museum (XQ4004)	Museum Donation – General (XQ4219)
Museum Donation - Gibson House (XQ4216)	Museum Donation – General (XQ4219)
Museum Donation – MacKenzie House (XQ4211)	Museum Donation – General (XQ4219)
Museum Donation – Colborne Lodge (XQ4208)	Museum Donation – General (XQ4219)

5. City Council authorize the necessary amendments to Chapter 227 in accordance with Recommendations 1-4 and direct the City Solicitor to introduce any necessary bills to give effect to the recommendations of this report.

FINANCIAL IMPACT

There are no financial implications associated with the adoption of the recommendations of this report.

DECISION HISTORY

Since the initial reorganization of Chapter 227 - Administration of Reserves and Reserve Funds – (Policy and Finance Committee Report No. 9 Clause 30 - adopted by Council October 26, 27, 28, and 31, 2005), the Chief Financial Officer has been reporting annually 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 Executive Committee (EX20.18) 'Administration Amendments to Reserve Fund Accounts – 2016' which was adopted by Council at the December 13, 14 and 15, 2016 meeting.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX11.6#>

COMMENTS

1. Administrative Amendments to Existing Accounts

Tax Rate Stabilization Reserve (XQ0703)

The Tax Rate Stabilization Reserve is funded from previous operating surpluses with the purpose of providing funding for any operating deficit in future years. The reserve is therefore intended only as a non-recurring funding source to fund the elimination of annual program deficits. Despite this intended limitation, several motions by City Councillors during the 2017 Operating Budget Approval process resulted in the Tax Stabilization Reserve being used for recurring expenditure requirements. The following Council-approved motions involved the use of the Tax Stabilization Reserve as a funding source for recurring expenditures:

- \$137,000 increase in the 2017 Operating Budget for Social Development, Finance & Administration to add a staff position in the Newcomer Office
- \$387,000 gross and net increase in the 2017 Operating Budget for Toronto Public Library to expand and funding programming costs for the youth hubs program
- \$192,000 gross and net increase in the Toronto City Council Operating Budget
- \$70,000 gross and \$17,500 net increase in the 2017 Operating Budget for Toronto Public Health to fund the summer cooling centres to be operated by the Public Health Unit

A change in purpose to the Tax Stabilization Reserve is therefore recommended to clarify that the Reserve is to be used only to fund non-recurring operating expenditures. (see Attachment 1 – Recommended Criteria Sheet for Tax Stabilization Reserve).

2. Deletion of Accounts with Zero Balances

The following accounts are recommended for closure and deletion from Chapter 227:

- i) Museum Group Donation Reserves – The following sub-accounts have been inactive since being established in 2003:

a) Fort York Reserve (XQ4207) - Provides funding to enhance the museum site at Fork York, to purchase artifacts for the City Collection, and to accept both cash from donors & monies acquired through the de-accession of donated artifacts

b) Historical House & Gardens Reserve (XQ4210) - Provides funding to enhance the museum site at Historic House and Gardens, to purchase artifacts for the City Collection, and to accept both cash from donors & monies acquired through the de-accession of donated artifacts.

c) Montgomery's Inn Reserve (XQ4215) - Provides funding to enhance the museum site at Montgomery's Inn, to purchase artifacts for the City Collection, and to accept both cash from donors & monies acquired through the de-accession of donated artifacts.

d) Todmorden Mills Reserve (XQ4214) - Provides funding to enhance the museum site at Todmorden Mills, to purchase artifacts for the City Collection, and to accept both cash from donors & monies acquired through the de-accession of donated artifacts.

e) York Museum Reserve (XQ4218) - Provides funding to enhance the museum site at York Museum, to purchase artifacts for the City Collection, and to accept both cash from donors & monies acquired through the de-accession of donated artifacts.

f) Museum – General Reserve (XQ4219) - Provides funding to enhance the museum sites of City wide, to purchase artifacts for the City Collection, and to accept both cash from donors & monies acquired through the de-accession of donated artifacts.

g) Zion Schoolhouse Reserve (XQ4217) - Provides funding to enhance the museum site at Zion Schoolhouse, to purchase artifacts for the City Collection, and to accept both cash from donors & monies acquired through the de-accession of donated artifacts.

ii) Culture Funding Reserve Fund (XR1726) was created at the December 16-18, 2013 City Council meeting to use the proceeds of the retroactive payment of the Third Party Sign Tax from 2009 to 2012 to partially mitigate future year tax increases associated with the base funding for arts and culture being ramped up. Since the proceeds of the retroactive payment has been fully expended, the Reserve Fund is recommended for closure.

iii) Parkland Acquisition – Local Development (East York) Reserve Fund (XR2034) was created in 1999 for the purpose of holding funds to develop and upgrade parklands and parks and recreational facilities. This account has subsequently been superseded by the Parkland Acquisition – East District Local Land (XR2204) account and has a zero balance.

3. Transfer of Remaining Balances and Deletion of Obsolete Parkland Acquisition Reserve Funds

The remaining balances of the Parklands Acquisition/Development Reserve Fund accounts listed in column 2 of the table to follow are recommended to be transferred to the corresponding Parkland Acquisition/Development Reserve Fund accounts listed in

column 3, and then the accounts in column 2 are recommended to be closed and deleted from Schedule 10 of Chapter 227, as they were superseded in 2004 to reflect new community council boundaries and no longer receive contributions. Parks, Forestry & Recreation staff will ensure that the transferred balances are spent in the appropriate district.

Parkland Acquisition Account Transfers		
Balance (\$)	From (column 2)	To (column 3)
84	Parkland Acquisition – Land Acquisition (East York) (XR2033)	Parkland Acquisition – South District Local Land (XR2208)
238	Parkland Acquisition – Land Acquisition (Etobicoke) (XR2037)	Parkland Acquisition - West District Local Land (XR2202)
864	Parkland Acquisition – New Development (Etobicoke) – (XR2038)	Parkland Acquisition - West District Local Development (XR2203)
15	Parkland Acquisition – New Development (Scarborough) (XR2050)	Parkland Acquisition – East District Local Development (XR2205)
1,057	Parkland Acquisition – Pre-1999 (Etobicoke) (XR2002)	Parkland Acquisition - West District Local Land (XR2202)

4. Transfer of Remaining Balances and Deletion of Obsolete Museum Account Group Reserves

The remaining balances of the Museum Account Group Donation Reserves listed in column 2 of the table to follow are recommended to be transferred to the Museum Donation Reserve – General account (XQ4209) and then the accounts are recommended to be closed and deleted from Schedule 5 of Chapter 227, due to their lack of activity since 2008. The original Reserves were established to provide funding to the specified museum, to purchase artifacts for the City Collection and to accept both cash from donors & monies acquired through the de-accession of donated artifacts.

The Museum Donation - General Reserve account noted in column 3 to receive the remaining balances from the accounts listed in column 2 was established to provide funding to enhance museum sites on a City-Wide basis as well as to purchase artifacts for the City Collection and to accept both cash from donors & monies acquired through the de-accession of donated artifacts. Pooling the remaining balances into one account provides more flexibility to use the remaining funds in the Museum Account Group as museum funding needs arise in the future.

Museum Donation Group Transfers		
Balance (\$)	From (column 2)	To (column 3)
17,570	Museum Donation – Scarborough Historical Museum (XQ4004)	Museum Donation – General (XQ4219)
5,700	Museum Donation - Gibson House (XQ4216)	Museum Donation – General (XQ4219)
2,621	Museum Donation – MacKenzie House (XQ4211)	Museum Donation – General (XQ4219)
390	Museum Donation – Colborne Lodge (XQ4208)	Museum Donation – General (XQ4219)

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SIGNATURE

 Joe Farag
 Acting Chief Financial Officer

ATTACHMENTS

Appendix 1 – Recommended Criteria Sheet for Tax Stabilization Reserve

Appendix 1

Tax Stabilization Reserve

1. Location within the Consolidated Reserves/Reserve Funds Schedule

Account within Schedule #3 – Stabilization Reserves

2. Statement of Purpose

Provides funding for the purpose of funding non-recurring expenditures required to eliminate any year-end operating deficit.

3. Service Area or Beneficiary Program

Office of the Chief Financial Officer

4. Initial Contribution

Not available

5. Contribution Policy

Contributions to be made at the discretion of the Chief Financial Officer pursuant to the City's Surplus Management Policy.