

Budget Committee

Meeting No.	35	Contact	Matthew Green, Committee Administrator
Meeting Date	Friday, November 19, 2021	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Video Conference	Chair	Councillor Gary Crawford

BU35.7	ACTION	Adopted		Ward: All
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Obligatory Reserve Funds (Deferred Revenues) and Reserves and Discretionary Reserve Funds as at September 30, 2021

Committee Decision

The Budget Committee 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 equipment for Toronto Public Library as part of the annual replacement cycle for Information Technology equipment, with criteria set out in Appendix G to the report (November 3, 2021) from the Chief Financial Officer and Treasurer.
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 to the report (November 3, 2021) from the Chief Financial Officer and Treasurer.
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 to the report (November 3, 2021) from the Chief Financial Officer and Treasurer, 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 to the report (November 3, 2021) from the Chief Financial Officer and Treasurer, 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
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.

Origin

(November 3, 2021) Report from the Chief Financial Officer and Treasurer

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 percent 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);
- Uncommitted funds of \$263.7 million, or 2.9 percent of the total balance, to respond to various unanticipated costs and to stabilize various funding sources, including the tax base.

Background Information

(November 3, 2021) Report from the Chief Financial Officer and Treasurer on Obligatory Reserve Funds (Deferred Revenues) and Reserves and Discretionary Reserve Funds as at September 30, 2021

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172864.pdf>

Appendix A - Obligatory Reserve Funds (Deferred Revenues) as of September 30, 2021

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172850.pdf>

Appendix B - Reserves as of September 30, 2021

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172851.pdf>

Appendix C - Discretionary Reserve Funds as of September 30, 2021

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172852.pdf>

Appendix D - Loan Receivable Balances - Obligatory Reserve Funds (Deferred Revenues) as of September 30, 2021

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172853.pdf>

Appendix E - Loan Receivable Balances - Reserves as of September 30, 2021

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172854.pdf>

Appendix F - Loan Receivable Balances - Discretionary Reserve Funds as of September 30, 2021

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172876.pdf>

Appendix G - Recommended Criteria Sheet for the Toronto Public Library Information Technology Asset Replacement Reserve Fund

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172866.pdf>

Appendix H - Recommended Criteria Sheet for the Debt Servicing Stabilization Reserve

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172867.pdf>

Appendix I - Recommended Criteria Sheet for the TO Live Facility Fee Reserve Fund Reserve Fund

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172868.pdf>

Appendix J - Recommended Criteria Sheet for the Public Health Reserve Fund

<http://www.toronto.ca/legdocs/mmis/2021/bu/bgrd/backgroundfile-172869.pdf>