FORMAL REPORT

To:	Mayor Strathdee and Members of Council
Prepared by:	Spencer Steckley, Director of Finance / Treasurer
Date of Meeting:	23 June 2026

TITLE

FIN 16-2026 Annual Development Charge Report for 2024 and 2025

EXECUTIVE SUMMARY

The Treasurer's Development Charges (DC) Statements for the years ended December 31, 2024 and December 31, 2025 are presented in accordance with the *Development Charges Act, 1997*. DC are collected to fund growth-related capital infrastructure, ensuring that new development contributes to the cost of servicing growth.

In 2024, the Town collected $283,073 in DC and transferred $1,375,276.68 to support eligible capital and operating projects. In 2025, collections increased to $415,320, with $6,238,136 transferred to growth-related initiatives. DC reserve funds are legislatively restricted and are used to finance projects identified in the Town's DC Background Study. Timing differences between project delivery and revenue collection may result in temporary reserve deficits, which are managed through growth-related debt and future DC revenues.

The Town remains compliant with legislative requirements, including reporting obligations and applicable funding rules introduced through Bill 23 and Bill 185, with the exception of services related to highways, where planned future expenditures are expected to achieve compliance.

As of year-end, DC reserve fund balances were approximately $1,722,956 in 2024 and $950,792 in 2025. In 2026, approximately $152,500 in DC funding is anticipated for priority growth-related studies.

RECOMMENDATION

RECOMMENDATION:
THAT report FIN 16-2026 Annual Development Charge Report for 2024 and 2025 be received.

BACKGROUND

Ontario's Development Charges (DC) system is governed by the *Development Charges Act, 1997* (DCA) and its associated regulations. DC are fees imposed on new residential and non-residential development through municipal by-laws to recover the capital costs associated with growth-related infrastructure and services. These include, but are not limited to, roads, water and wastewater infrastructure, parks, and municipal facilities required to service new development.

The primary statutory purpose of the DCA is to ensure that growth-related capital expenditures are funded by new development. The Act also establishes requirements for the collection, allocation, and use of DC revenues, including the requirement that all DC collections and associated interest be maintained in separate, service-specific reserve funds.

The Town enacted its current DC By-law in December 2022 (By-law 106-2022). This by-law was subsequently amended in November 2024 (By-law 95-2024) to reflect legislative changes introduced through Bill 185, *Cutting Red Tape to Build More Homes Act*.

Section 43 of the DCA requires the Treasurer to prepare an annual statement on DC for the preceding year. This statement must report on the financial status and use of all DC reserve funds, in accordance with the requirements set out in the DCA and Section 12 of Ontario Regulation 82/98. At a minimum, the Treasurer's statement must include:

- Opening and closing balances of all DC reserve funds;
- Identification of capital projects funded, including amounts funded from DC and from other sources;
- A statement of compliance with Section 59.1 of the DCA, confirming that no charges have been imposed except as permitted under the Act; and
- Confirmation that the statement has been made available to the public.

REPORT & ANALYSIS

The annual Treasurer's DC Statements for the years ending December 31, 2024 and December 31, 2025 are attached.

In summary:

- 2024: The Town collected $283,073 in DC (2023: $278,444) and earned $137,408 in investment income (2023: $137,674). A total of $1,375,276.68 (2023: $333,066) was transferred from DC reserve funds to support growth-related operating and capital projects.
- 2025: The Town collected $415,320 in DC and earned $50,612 in investment income. A total of $6,238,136 was transferred to support growth-related operating and capital projects.

DC reserve funds are legislatively restricted to the financing of growth-related capital projects identified in the Town's most recent DC Background Study. From time to time, individual reserve funds may reflect a deficit balance. This typically occurs where capital projects are undertaken in advance of the collection of sufficient DC revenues. These timing differences are anticipated as part of the rate-setting process and may be financed through growth-related debt, which aligns project funding with the timing of future DC collections. Where growth-related debt is utilized, associated costs are fully recovered through future DC revenues. Examples include debt issued for the Fire Hall expansion and the Wastewater Treatment Plant upgrades.

In accordance with the regulations, DC reserve funds may also be used to internally finance services or reserve accounts in a deficit position. This treatment is reflected in the 2024 and 2025 statements. To provide additional clarity, a summary of reserve fund balances at each year-end is included below.

	2024
	Closing Balance - Dec. 31
Administration	-
Services Related to Highway	1,232,578.28
Water Service	(474,452.74)
Recreation Services	295,800.65
Library Service	349,537.61
Police Service	(20,977.13)
Fire Protection Service	(25,306.65)
Wastewater Service	380,063.04
Child Care	(17,631.85)
Waste Diversion	3,384.57
	1,722,995.78

	2025
	Closing Balance - Dec. 31
Administration	9,914.52
Services Related to Highway	1,316,174.13
Water Service	(452,422.75)
Recreation Services	378,208.90
Library Service	398,538.23
Police Service	(17,523.21)
Fire Protection Service	(52,165.37)
Wastewater Service	(618,464.80)
Child Care	(15,699.37)
Waste Diversion	4,231.61
	950,791.88

Bill 23, *More Homes Built Faster Act*, received Royal Assent in 2022 and introduced a requirement that, beginning in 2023, municipalities must annually allocate or spend at least 60% of the opening balance of reserve funds related to water, wastewater, and services related to a highway. The Town remains compliant with this requirement for water and wastewater services. While the minimum expenditure threshold for services related to a highway was not met in 2024 or 2025, significant planned capital expenditures are anticipated in future years. These are expected to exceed the minimum requirement, as outlined in the current DC study (total growth-related value of $3,121,099).

Bill 23 also removed growth studies as eligible costs for recovery through DC, effective January 1, 2023. As a result, the remaining balance of $123,533 in the Administration reserve fund was transferred to the General Capital Reserve Fund and is reflected in the 2024 year-end balances. In 2024, Bill 185 reversed this change, reinstating growth studies as eligible DC costs (By-law 95-2024 amended the DC by-law for this update, effective January 1, 2025). Accordingly, DC collected for administrative studies have been included in the 2025 reserve fund balances.

For compliance purposes, there were no changes to the capital cost estimates identified in the Town's most recent DC study for services for which DCs were collected in 2024 and 2025. Unless otherwise noted, DC revenues were collected and used in accordance with the planned expenditures set out in the study. In some cases, DC revenues collected in 2024 and 2025 have not yet been spent and will be applied to future projects as identified in the background study.

CONCLUSION

The Town of St. Marys reported DC reserve fund balances of $1,722,955.78 at December 31, 2024 and $950,791.88 at December 31, 2025. The Treasurer has provided Council with the annual DC statements for the years ended December 31, 2024 and December 31, 2025, detailing all related transactions during these periods.

To ensure transparency and public accessibility, this report and the attached schedules outlining DC reserve fund transactions for 2024 and 2025 will be made available on the Town's website.

FINANCIAL IMPLICATIONS

DC revenues held in reserve funds, along with future collections, will be used to finance growth-related capital projects identified in the Town's most recent DC background study.

In 2026, the Town anticipates requiring approximately $152,500 in development charge funding (excluding debt repayments) to support the following projects:

- Master Servicing Study (Public Works) - $95,000
- Zoning By-law Update - $57,500

STRATEGIC ALIGNMENT

The recommendation in this report is supported by the following priority:

- Pillar #1Infrastructure:
    - Area of Focus: Proactive Asset Management Plan
    - Tactic(s): Develop a financial plan to understand pending capital expenditures and how they will be funded.

OTHERS CONSULTED

N/A

ATTACHMENTS

Annual Treasurer's Statement 2024

Annual Treasurer's Statement 2025

Town of St. Marys
Annual Treasurer's Statement of Development Charge Reserve Funds
December 31, 2024 (Unaudited)

	Services to which the Development Charge Relates										
Description	**Services Related to a Highway**	**Water Services**	**Wastewater Services**	**Police Services**	**Fire Protection Services**	**Recreation Services**	**Library Services**	**Administration**	**Child Care**	**Waste Diversion**	**Total**
Opening Balance, January 1, 2024	**1,130,978.38**	- 475,635.73	**1,516,367.54**	- 22,699.65	**5,375.60**	**231,496.55**	**307,641.58**	**-**	- 18,440.60	**2,707.78**	**2,677,791.45**
Plus:											
Development Charge Collections	43,564.93	25,589.74	114,871.02	2,887.33	10,332.25	52,425.10	31,109.72	-	1,755.01	537.84	283,072.94
Accrued Interest	58,034.97	- 24,406.75	77,810.82	- 1,164.81	275.84	11,879.00	15,786.31	-	- 946.26	138.95	137,408.07
Repayment of Monies Borrowed from Fund and Associated Interest[1]	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	**101,599.90**	**1,182.99**	**192,681.84**	**1,722.52**	**10,608.09**	**64,304.10**	**46,896.03**	**-**	**808.75**	**676.79**	**420,481.01**
Less:											
Amount Transferred to Capital/Operating (or Other) Funds[2]	-	-	1,328,986.34	-	41,290.34	-	5,000.00	-	-	-	1,375,276.68
Amounts Refunded	-	-	-	-	-	-	-	-	-	-	-
Amounts Loaned to Other D.C. Service Category for Interim Financing	538,368.37	- 474,452.74	-	- 20,977.13	- 25,306.65	-	-	-	- 17,631.85	-	-
Credits	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	**538,368.37**	- 474,452.74	**1,328,986.34**	- 20,977.13	**15,983.69**	**-**	**5,000.00**	**-**	- 17,631.85	**-**	**1,375,276.68**
Closing Balance, December 31, 2024	**694,209.91**	**-**	**380,063.04**	**-**	**-**	**295,800.65**	**349,537.61**	**-**	**-**	**3,384.57**	**1,722,995.78**

[1] *Source of funds used to repay the D.C. reserve fund.*
[2] *The Municipality is compliant with s.s. 59.1 (1) of the Development Charges Act, whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the Development Charges Act or another Act.*
[3] *Note, no funds were borrowed from DC reserves during the current or previous year.*

Town of St. Marys
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
December 31, 2024 (Unaudited)

		D.C. Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. Forecast Period			Post D.C. Forecast Period						
Capital Fund Transactions	Gross Capital Cost	D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions	Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies, Other Contributions
Wastewater Services											
01-9411 WWTP Upgrades	6,711,585.46	1,328,986.34	-	-	-	-	5,382,599.12	-	-	-	-
Sub-Total - Wastewater Services	**6,711,585.46**	**1,328,986.34**	**-**	**-**	**-**	**-**	**5,382,599.12**	**-**	**-**	**-**	**-**
Library Services											
01-7410 Collection	52,963.00	5,000.00	-	-	-	-	-	47,963.00	-	-	-
Sub-Total - Library	**52,963.00**	**5,000.00**	**-**	**-**	**-**	**-**	**-**	**47,963.00**	**-**	**-**	**-**
Total	**6,764,548.46**	**1,333,986.34**	**-**	**-**	**-**	**-**	**5,382,599.12**	**47,963.00**	**-**	**-**	**-**

Town of St. Marys
Amount Transferred to Operating (or Other) Funds - Operating Fund Transactions
December 31, 2024 (Unaudited)

Operating Fund Transactions	Annual Debt Repayment Amount	D.C. Reserve Fund Draw		Post D.C. Forecast Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
Fire Protection Services									
01-2100 Fire Hall Debt[1]	176,003.51	28,151.75	13,138.59	-	-	-	91,848.25	42,864.92	-
Sub-Total - Fire Protection Services	**176,003.51**	**28,151.75**	**13,138.59**	**-**	**-**		**91,848.25**	**42,864.92**	**-**

[1] ***Fire Hall Expansion*** *- Debt was issued in 2020 in the amount of $3,000,000. The current growth portion of this debt was approximately 34% resulting in principal and interest payments for 25 years beginning in 2021 and ending in 2045.*

Town of St. Marys
Description of the Service (or Class of Service) for which each Development Charge Reserve Fund was Established
December 31, 2024

Service/Class of Service	Description
Services Related to a Highway	The fund is used for growth-related projects for roads, bridges, active transportation, streetlights, sidewalks, public works related facilities, vehicles, and equipment, and other road related infrastructure
Water Services	The fund is used for growth-related projects for water treatment, supply, storage, pumping, distribution, and water related infrastructure
Wastewater Services	The fund is used for growth-related projects for wastewater treatment, storage, pumping, collection, and other wastewater related infrastructure
Police Services	The fund is used for growth-related projects supporting policing services, including facilities, vehicles, equipment, and gear
Fire Protection Services	The fund is used for growth-related projects supporting fire protection services, including facilities, vehicles, equipment, and gear
Recreation Services	The fund is used for growth-related projects related to parkland development, parkland amenities, recreational trails, parkland buildings, recreation facilities, and recreational vehicles and equipment
Library Services	The fund is used for growth-related projects including library facilities, furniture, shelving, collection materials, and other related library infrastructure
Administration	The fund is used for growth-related studies
Child Care	The fund is used for growth-related projects related to child care and early years program facilities, vehicles and equipment
Waste Diversion	The fund is used for growth-related projects for facilities and other waste diversion infrastructure

Annual Treasurer's Statement of Development Charge Reserve Funds
December 31, 2025 (Unaudited)

Description	Services to which the Development Charge Relates										Total
	Services Related to a Highway	Water Services	Wastewater Services	Police Services	Fire Protection Services	Recreation Services	Library Services	Administration	Child Care	Waste Diversion	
Opening Balance, January 1, 2025	**1,232,578.28**	- 474,452.74	**380,063.04**	- 20,977.13	- 25,306.65	**295,800.65**	**349,537.61**	-	- 17,631.85	**3,384.57**	**1,722,995.78**
Plus:											
Development Charge Collections	61,218.19	35,966.70	161,476.27	4,070.11	14,536.30	73,719.31	43,733.21	17,401.89	2,450.40	747.62	415,320.00
Other[3]	-	-	5,000,000.00	-	-	-	-	-	-	-	5,000,000.00
Accrued Interest	36,206.10	- 13,936.71	11,164.08	- 616.19	- 743.36	8,688.93	10,267.42	-	- 517.92	99.42	50,611.77
Repayment of Monies Borrowed from Fund and Associated Interest[1]	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	**97,424.29**	**22,029.99**	**5,172,640.35**	**3,453.92**	**13,792.94**	**82,408.24**	**54,000.63**	**17,401.89**	**1,932.48**	**847.04**	**5,465,931.77**
Less:											
Amount Transferred to Capital/Operating (or Other) Funds[2]	13,828.45	-	6,171,168.19	-	40,651.66	-	5,000.00	7,487.37	-	-	6,238,135.67
Amounts Refunded	-	-	-	-	-	-	-	-	-	-	-
Amounts Loaned to Other D.C. Service Category for Interim Financing	1,156,275.50	- 452,422.75	- 618,464.80	- 17,523.21	- 52,165.37	-	-	-	- 15,699.37	-	- 0.00
Credits	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	**1,170,103.95**	- 452,422.75	**5,552,703.39**	- 17,523.21	- 11,513.71	**-**	**5,000.00**	**7,487.37**	- 15,699.37	**-**	**6,238,135.67**
Closing Balance, December 31, 2025	**159,898.62**	**-**	**-**	**-**	**-**	**378,208.89**	**398,538.24**	**9,914.52**	**-**	**4,231.61**	**950,791.88**

[1] *Source of funds used to repay the D.C. reserve fund*

[2] *The Municipality is compliant with s.s. 59.1 (1) of the Development Charges Act , whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the Development Charges Act or another Act.*

[3] *Includes proceeds from other funding sources (i.e. proceeds from debt)*

[4] *Note, no funds were borrowed from DC reserves during the current or previous year.*

Town of St. Marys
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
December 31, 2025 (Unaudited)

Capital Fund Transactions	Gross Capital Cost	D.C. Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. Forecast Period			Post D.C. Forecast Period						
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions	Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies, Other Contributions
Services Related to a Highway											
01-9303 Sidewalk Network Improvement	41,904.38	13,828.45	-	-	-	-	28,075.93	-	-	-	-
Sub-Total - Services Related to a Highway	**41,904.38**	**13,828.45**	**-**	**-**	**-**	**-**	**28,075.93**	**-**	**-**	**-**	**-**
Wastewater Services											
01-9411 WWTP Upgrades	6,555,213.78	1,012,644.76	5,000,000.00	-	-	-	518,370.44	-	24,198.58	-	-
Sub-Total - Wastewater Services	**6,555,213.78**	**1,012,644.76**	**5,000,000.00**	**-**	**-**	**-**	**518,370.44**	**-**	**24,198.58**	**-**	**-**
Library Services											
01-7410 Collection	44,927.26	5,000.00	-	-	-	-	-	39,927.26	-	-	-
Sub-Total - Library	**44,927.26**	**5,000.00**	**-**	**-**	**-**	**-**	**-**	**39,927.26**	**-**	**-**	**-**
Administration											
01-9103 Zoning By-Law Update	11,519.03	7,487.37	-	-	-	-	4,031.66	-	-	-	-
Sub-Total - Administration	**11,519.03**	**7,487.37**	**-**	**-**	**-**	**-**	**4,031.66**	**-**	**-**	**-**	**-**
Total	6,653,564.45	1,038,960.58	5,000,000.00	-	-	-	550,478.03	39,927.26	24,198.58	-	-

Town of St. Marys
Amount Transferred to Operating (or Other) Funds - Operating Fund Transactions
December 31, 2025 (Unaudited)

Operating Fund Transactions	Annual Debt Repayment Amount	D.C. Reserve Fund Draw		Post D.C. Forecast Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
Wastewater Services									
01-9411 WWTP Upgrades Debt[1]	158,523.43	74,152.70	84,370.73	-	-	-	-	-	-
Sub-Total - Wastewater Services	**158,523.43**	**74,152.70**	**84,370.73**	**-**	**-**		**-**	**-**	**-**
Fire Protection Services									
01-2100 Fire Hall Debt[2]	173,280.73	27,716.30	12,935.36	-	-	-	92,283.70	40,345.37	-
Sub-Total - Fire Protection Services	**173,280.73**	**27,716.30**	**12,935.36**	**-**	**-**		**92,283.70**	**40,345.37**	**-**
Total	**331,804.16**	**101,869.00**	**97,306.09**	**-**	**-**	**-**	**92,283.70**	**40,345.37**	**-**

[1] ***Wastewater Treatment Plant Upgrades*** *- Debt was issued in 2025 in the amount of $5,000,000. The current growth portion is 100% resulting in principal and interest payments for 20 years beginning in 2025 and ending in 2045.*

[2] ***Fire Hall Expansion*** *- Debt was issued in 2020 in the amount of $3,000,000. The current growth portion of this debt was approximately 34% resulting in principal and interest payments for 25 years beginning in 2021 and ending in 2045.*

Town of St. Marys
Description of the Service (or Class of Service) for which each Development Charge Reserve Fund was Established
December 31, 2025

Service/Class of Service	Description
Service Related to a Highway	The fund is used for growth-related projects for roads, bridges, active transportation, streetlights, sidewalks, public works related facilities, vehicles, and equipment, and other road related infrastructure
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Wastewater Services	The fund is used for growth-related projects for wastewater treatment, storage, pumping, collection, and other wastewater related infrastructure
Police Services	The fund is used for growth-related projects supporting policing services, including facilities, vehicles, equipment, and gear
Fire Protection Services	The fund is used for growth-related projects supporting fire protection services, including facilities, vehicles, equipment, and gear
Recreation Services	The fund is used for growth-related projects related to parkland development, parkland amenities, recreational trails, parkland buildings, recreation facilities, and recreational vehicles and equipment
Library Services	The fund is used for growth-related projects including library facilities, furniture, shelving, collection materials, and other related library infrastructure
Administration	The fund is used for growth-related studies
Child Care	The fund is used for growth-related projects related to child care and early years program facilities, vehicles and equipment
Waste Diversion	The fund is used for growth-related projects for facilities and other waste diversion infrastructure