2019 Long-Term Debt Management Plan

Background

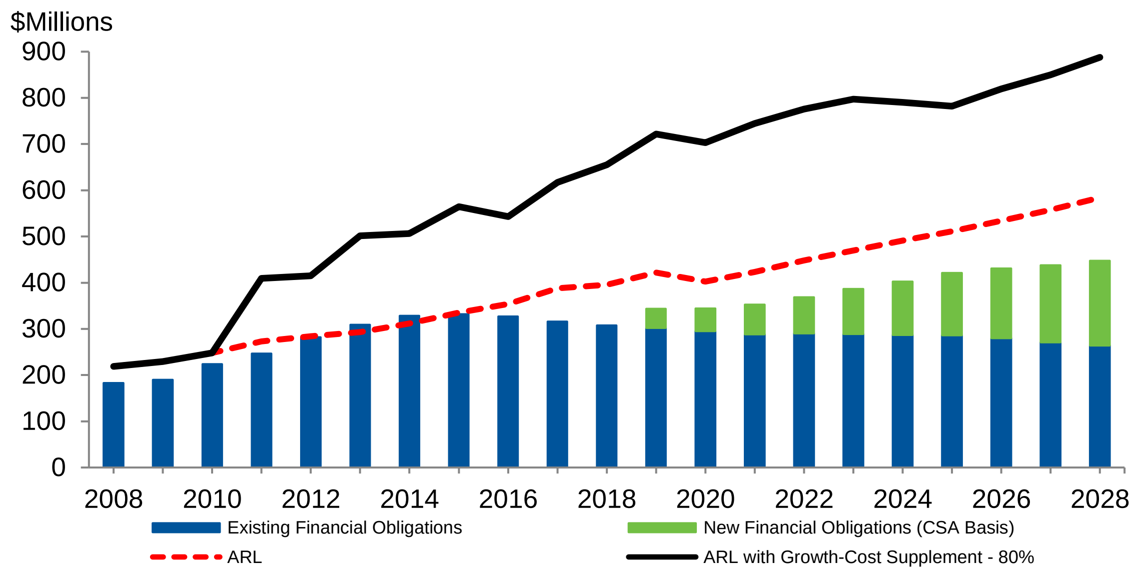
Municipalities in Ontario may only issue debt for capital purposes. The Province regulates the amount of municipal debt and other financial obligations through an annual repayment limit regulation (ARL) under the Municipal Act, 2001.

In 2011, the Province recognized that York Region is a high growth municipality with unique debt requirements and provided a York-specific regulation that allows it to borrow a higher amount based on its development charge collections. The York-specific regulation expires on December 31, 2021. Staff expects to recommend renewal of this York-specific regulation in order to provide it with the flexibility to finance major growth-related infrastructure projects, such as the Yonge Subway Extension, should it ever be needed.

The annual repayment limit restricts the aggregate annual cost of servicing the anticipated long-term debt and financial obligations of a municipality to 25 per cent of its own source revenue plus, in the case of York Region alone, a growth cost supplement equal to 80 per cent of the average of the last three fiscal years of development charge collections. The combination of the annual repayment limit and the growth cost supplement is called the growth-related annual repayment limit, but will be referred to as the annual repayment limit in this plan.

In 2013 and 2014, the Region would have breached the annual repayment limit in the absence of the growth-related cost supplement (Figure 1).

Figure 1
Annual Repayment Limit Actual and Forecast



Source: York Region Finance Department. Actual amounts between 2008 and 2018. Forecast amounts between 2019 and 2028.

The Region meets both conditions to qualify for the growth-related cost supplement

To qualify for the growth-related cost supplement, the Region is required to meet two conditions on an annual basis:

1. Maintain at least an AA low (or equivalent) credit rating; and
2. As part of the preparation of its budget for the fiscal year, Council adopts or affirms a plan for the management of its long-term debt and financial obligations.

As of November 2018, the Region had met the first condition by maintaining an Aaa credit rating with Moody's Investor Service and receiving a AA+ credit rating from S&P Global Ratings.

To meet the second condition, the Province requires Regional Council to consider the following items as part of its long-term debt management plan:

1. The long-term debt and financial obligations needs over a multi-year period;
2. Projections of the annual repayment limit for each year of the multi-year period compared to its existing and proposed long-term debt-related payments;
3. Risk and mitigation strategies associated with the long-term debt strategy;
4. A long-term debt and financial obligations policy;
5. Prudent and cost-effective management of existing and projected long-term debt and other financial obligations;
6. Estimated temporary borrowing needs for 2019; and
7. Evaluation and comparison of 2018 projections and outcomes.

1. The Long-Term Debt and Financial Obligations Needs Over a Multi-Year Period

The fiscal strategy guided the preparation of the 2019 Budget

When preparing the 2019 Budget, staff followed the principles of the fiscal strategy, which was first formally approved by Council in 2013, to help better manage the Region's financial resources. A major tenet of this strategy is to use a more balanced approach when funding long-term capital expenditure. To accomplish this, there is a detailed annual review of both the forecasted capital expenditure and the funding sources. Where necessary, the level of expenditures may be adjusted to better match available funding, while maintaining overall capital priorities.

The 10-year Capital Plan submitted to Council for the 2019 Budget is $671 million higher than last year's 10-year capital plan (Figure 2). The increase in the 2019 Budget incorporates additional draws from asset management reserves to fund asset rehabilitation and replacement needs as outlined in the Region's long-term asset management plans that were approved by Council subsequent to the 2018 Budget.

Figure 2

Fiscal Impacts at a Glance

	2018 Budget ($Billions)	2019 Budget ($Billions)	Change ($Billions)
10-year Capital Plan	5.9	6.6	0.7
New DC debt in the next 10 years	1.1	1.8	0.7
New housing related debt in the next 10 years	0.1	0.1	0.0
Tax-levy debt in the next 10 years	0.0	0.0	0.0
Rate-supported debt in the next 10 years	0.0	0.0	0.0
Increase in reserves in next 10 years	2.2	3.0	0.8
DC collection in the next 10 years	4.3	3.8	(0.5)

Source: York Region Finance Department

The 10-year development charge collections forecast is approximately $470 million less than the prior year's forecast and is forecasted to be $3.8 billion.

The use of tax levy Debt Reduction Reserve will avoid approximately $370 million of new tax levy debt over the next 10 years.

The phase-in of full cost recovery for water and wastewater services that began in 2016 is expected to permit the Region to continue avoid issuing new user rate debt.

Overall, the Region's need for new long-term debt during the 2019-2028 period is expected to be $1.9 billion, which is approximately $700 million higher than last year's 10-year capital plan of $1.2 billion. The new long-term debt primarily consists of $1.9 billion development charge related debt for the 10-year 2019 Capital Plan and $1.1 billion in last year's 10-year capital plan. The remaining $100 million new long-term debt for last year's 10-year capital plan consists of housing related debt.

Overall reliance on debt increases in the 10-year 2019 Capital Plan

The Region's overall reliance on new debt in the 10-year 2019 Capital Plan increases due to a lower development charge collections forecast. As the development charge collections forecast is highly dependent on the growth assumptions being used, staff used a more conservative growth forecast when preparing the 2019 Budget to help reduce financial risk including the need to incur unanticipated debt and/or defer capital projects.

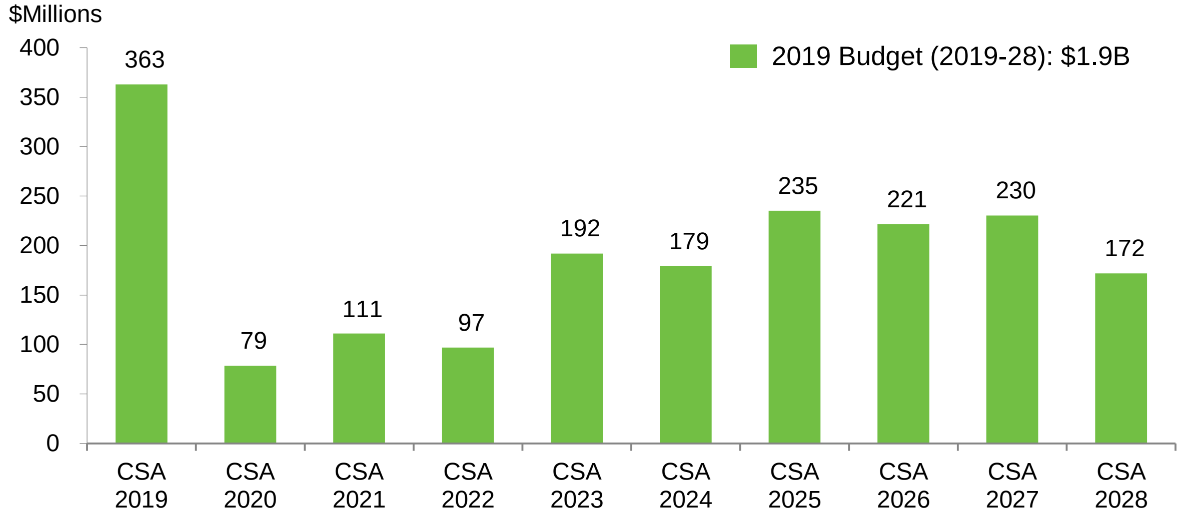
Capital spending authority is based on existing and future project commitments. Capital spending authority provides Council's authorization for departments to proceed with capital projects, including multi-year projects. The Region must have enough debt room when capital spending authority is approved to remain within its provincially-mandated annual repayment limit.

Approximately $363 million (or 18 per cent) of the $1.9 billion in projected debenture requirements has been included within the capital spending authority for 2019, as illustrated on Graph 1. This amount includes carry forward of unused capital spending authority from 2018. In contrast, approximately $100 million (or 7 per cent) of the $1.2 billion in the projected debenture requirements was included within the capital spending authority for 2018.

The capital plan also contains projects with an estimated debt of about $1.5 billion that are planned, but do not yet have capital spending authority. For the purposes of this Debt Management Plan, Finance has estimated the future debt requirements for each year of the plan on a capital spending authority basis[1]. Figure 3 illustrates the amount of new debt to be issued on a capital spending authority (CSA) basis. For example, the Region will seek Council authorization to issue $363 million of new debt to commit to capital projects within the capital spending authority for 2019. However, the actual capital expenditure associated with this debt is expected to flow over 8 years: $173 million in 2019, $55 million in 2020, $23 million in 2021, $35 million in 2022, $34 million in 2023, $23 million in 2024, $11 million in 2027 and $9 million in 2028.

[1] Capital Spending Authority (CSA) is the authority from Council to commit funding to a capital project. The authority may span several years for multiyear projects and is based on departmental spending estimates. The 2019 Budget will approve one year of multi-year capital spending authority for 2019.

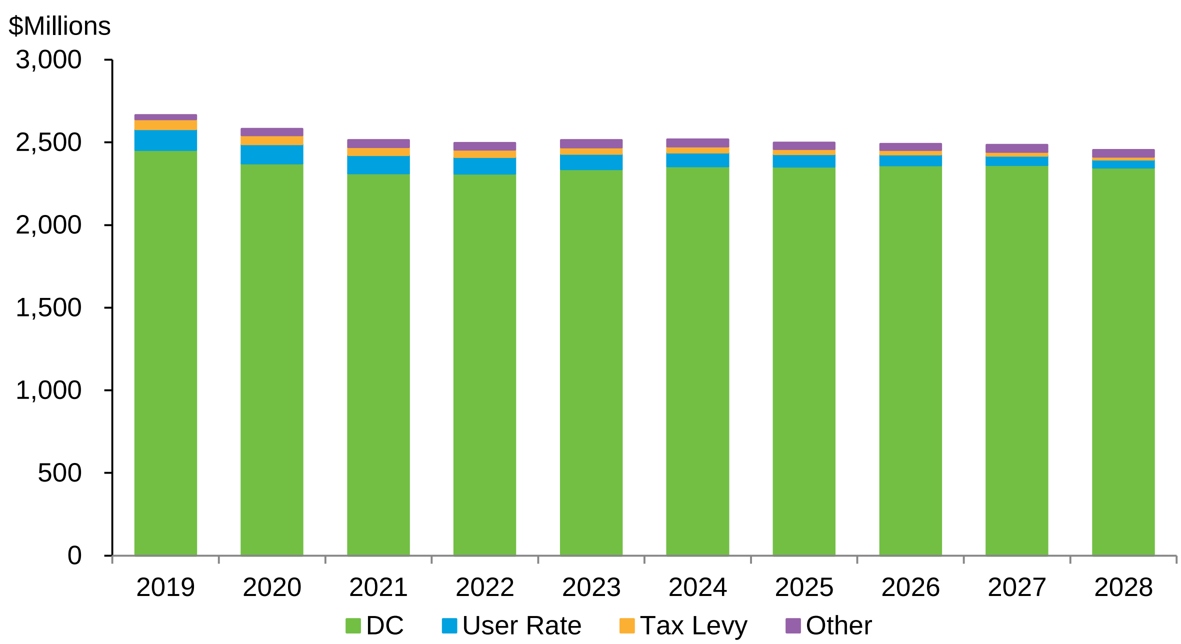
Figure 3
Multi-Year Forecast of New Debt to be Issued



Source: York Region Finance Department

Assuming that the debt needs remain as shown in the 10-year capital budget and all future capital spending authority debt occurs as planned, the Region's outstanding debt will gradually decrease as illustrated on Figure 4.

Figure 4
Outstanding Net Debt Projection



Source: York Region Finance Department

2. Projections of the Annual Repayment Limit for Each Year of the Multi-Year Period Compared to its Existing and Proposed Long-Term Debt-Related Payments

How much debt room will we have?

The annual repayment limit is calculated by determining and projecting 25 per cent of own-source revenues, and adding 80 per cent of the three-year rolling average of historic development charge collections (derived from the development charge collection forecast). The existing and proposed annual financial obligations must be within this limit. These calculations are shown in Appendix 1.

Based on these calculations, the Region's annual repayment limit will increase from $722 million in 2019 to $888 million by 2028, as illustrated on the solid black line in Figure 1.

What are our estimated debt and other financial obligation payments?

The existing debt payment and other financial obligations include the following components:

- Principal obligations
- Interest obligations
- Hospital funding
- Social housing mortgages
- Long-term leases
- University funding

The annual payments for existing debt and other financial obligations will total approximately $302 million in 2019, but are estimated to decline to approximately $264 million by 2028. This estimate is for existing debt only and excludes any principal and interest costs associated with new debt that will be needed in the future. Principal and interest on existing debt, is expected to decrease from $266 million in 2019 to $236 million by 2028 as the debt is repaid. The hospital financing forecast assumes the Region's annual assessment growth rate of 1.5 per cent per year, rising from $15.0 million per year in 2019 to $17.1 million per year by 2028. The Region is also expected to contribute approximately $1 million annually to the University Campus Reserve towards a commitment of $25 million for the new York University campus located in the City of Markham. Please note that in the proposed 2019 Fiscal Strategy recommends changing this reserve's name to Innovation Investment Fund.

As noted earlier, the capital spending authority budgeting concept employed by the Region requires that there be enough debt room under the annual repayment limit at the time of project authorization. For example, to assign capital spending authority to projects as part of the 2019 budget process, the Region must have sufficient room under its 2019 annual repayment limit to recognize the full financial cost of the projects "as if" they were going to be incurred entirely in 2019, even if the actual costs are spread out over multiple years. This is the case for each year of the capital plan.

The 10-year capital plan in the proposed 2019 Budget is $6.6 billion, of which $1.9 billion will be debt financed. Assuming an annual interest rate of 3.70 per cent and a term of 20 years, the annual obligation arising from the $363 million debt capital spending authority required in 2019 will be approximately $27 million.[2]

The annual debt payments related to each year's increment have been calculated on the same basis as the 2019 capital spending authority, except that the assumed interest rate will increase to 5.25 per cent by 2028. As a result, the financial obligations associated with new debt-related capital spending authority will increase to $151 million by 2028.

Will the Region be within its annual repayment limit?

Graph 1 shows that the Region's financial obligations will be well within its annual repayment limit for all years.

Based on the proposed debt capital spending authority for 2019, discussed previously, the Region will also be well within its annual repayment limit, as shown in Figure 5 below.

Figure 5

Region's 2019 Annual Repayment Limit Calculation ($Millions)

Component Description	Forecast 2019
25% of Own Source Revenues	422
Plus: Growth Cost Supplement[3]	300
Total Annual Repayment Limit	722
Less: Existing Debt Payment and Financial Obligations	302
Less: Anticipated New Debt Payment	27
Remaining Annual Repayment Limit	393

Source: York Region Finance Department

[2] This is the weighted average interest rate based on a review of current and historic rates as well as planned capital spending authority cash flow timing. The 20-year term is based on the anticipated average term of future debt issues. Debt repayment is calculated on a "full commitment basis", which allocates a full year's payment to the year of issuance rather than the partial (i.e., interest only) payment that usually occurs as a result of issuance timing.

[3] Growth Cost Supplement in 2019 is calculated at 80 per cent of the 3-year rolling average of development charge collections (2016-2018 inclusive).

3. Risk and Mitigation Strategies Associated with the Long-Term Debt Strategy, including Interest Rate Risk and Foreign Currency Exposure

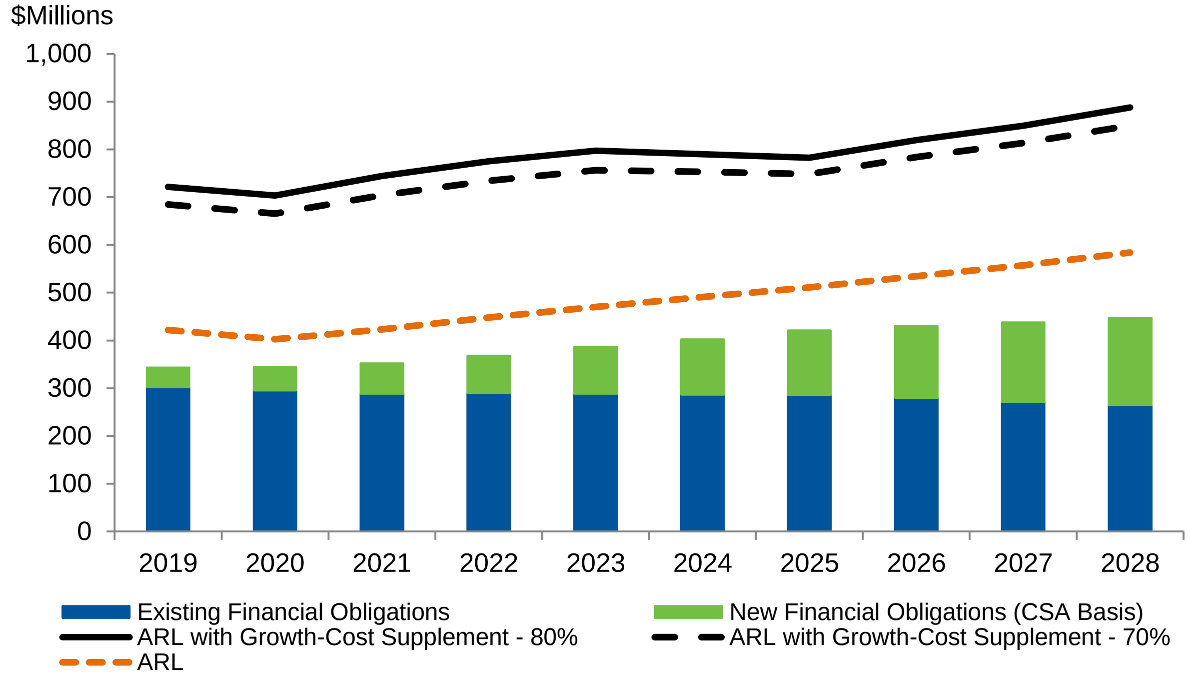
Anticipated development charge collections represent one of the most significant risks to debt management

The annual repayment limit is calculated by determining and projecting 25 per cent of own-source revenues, and adding 80 per cent of the three-year rolling average of historic development charge collections (derived from the development charge collection forecast).

Development charge collections are difficult to predict from one year to the next and can vary significantly as economic conditions change over time. Collections lower than forecast could limit the Region's debt borrowing ability to levels below that indicated in this plan and require changes in the phasing of the capital plan. Staff reviews development charge collection trends and forecasts annually to enable further changes before finalization of the capital plan during the budget process.

As a matter of normal practice, the capital plan is measured against an adjusted annual repayment limit that uses only 70 per cent of the three-year rolling average of historic development charge collections as a cost supplement, versus the 80 per cent permitted, unless specific Council approval is obtained to do otherwise. This would have the effect of partially mitigating the impact of lower than expected development charge collections. The impact on the annual repayment limit calculations of the adjusted annual repayment limit that uses only 70 per cent of the three-year rolling average of historic development charge collections as a cost supplement is illustrated on Figure 6, which shows that the Region's obligations would still be well within its annual repayment limit even if only 70 per cent of forecast development charge collections are considered as a cost supplement.

Figure 6
Adjusted Annual Repayment Limit



Source: York Region Finance Department

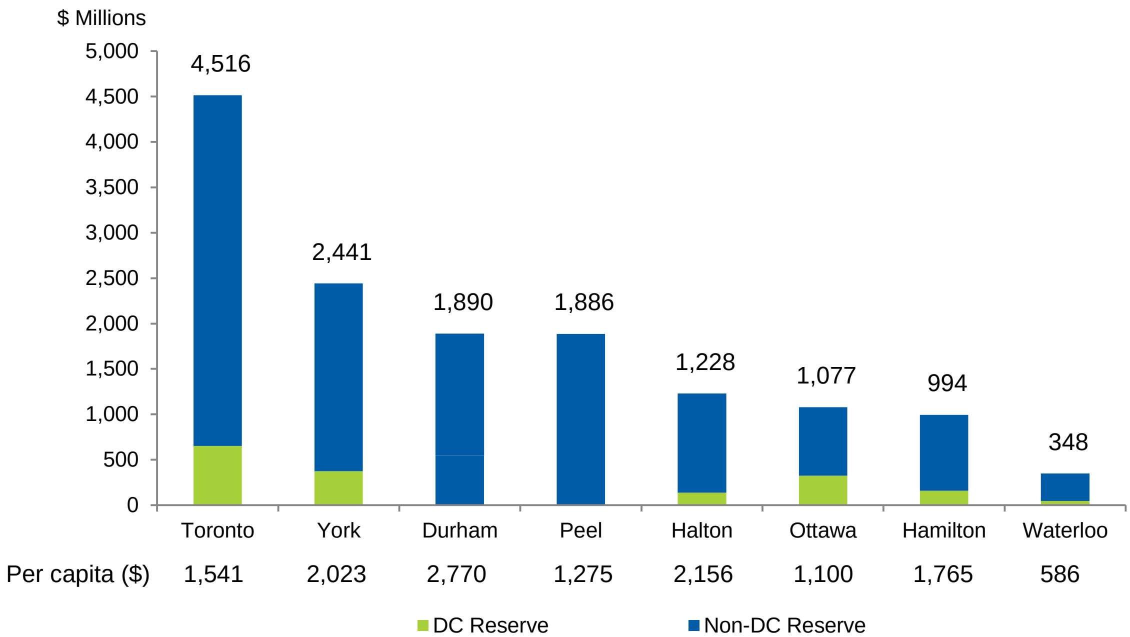
Lower than expected development charge collections in any given year may result in a decrease in liquidity and debt servicing ability. To help mitigate this, the 2019 Regional Fiscal Strategy proposes an update to the Capital Financing and Debt Policy where the Region will maintain overall development charge reserve balances between one half to one year's estimated development charge-related principal and interest obligations for next year. Moreover, the Region maintains significant non-development charge reserves (Graph 8) that could be used to fund development charge-related debt servicing costs on an interim basis, should the need arise.

Reserves are critical to the Region's debt management plan

In assessing the Region's risk profile, credit rating agencies evaluate liquidity and consider reserves an indicator of fiscal prudence. Reserves also protect against non-capital long-term liabilities and external shocks. The Region has been successful in building up a high level of reserves that are above the weighted average per capital of comparable municipalities, as shown on Figure 7.

Figure 7

Comparison of 2017 Reserves and Reserves per Capita

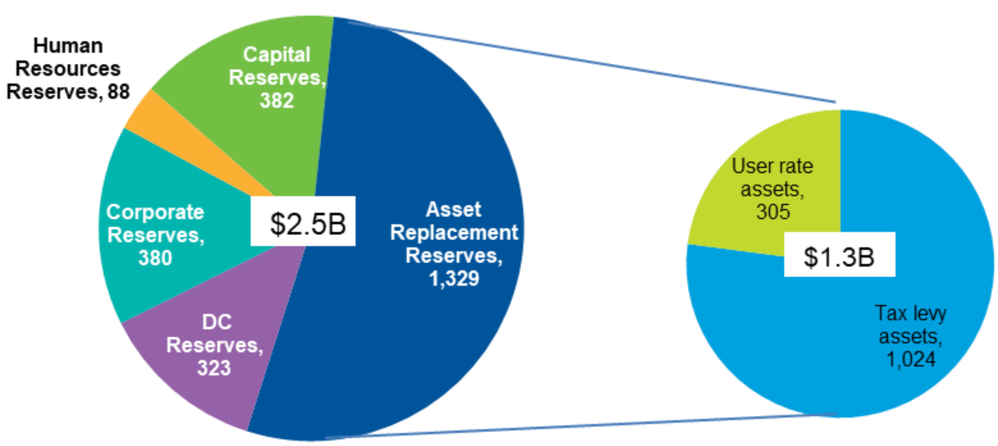


Source: 2017 Financial Information Returns (FIR)

The Region has a 55 reserves, which have been broadly categorized into asset replacement, capital, corporate, development charge and human resource reserves. These reserves are estimated to be approximately $2.5 billion by the end of 2018; they are described on Figure 8.

Figure 8

Composition of Reserves as at December 31, 2018 ($Millions)



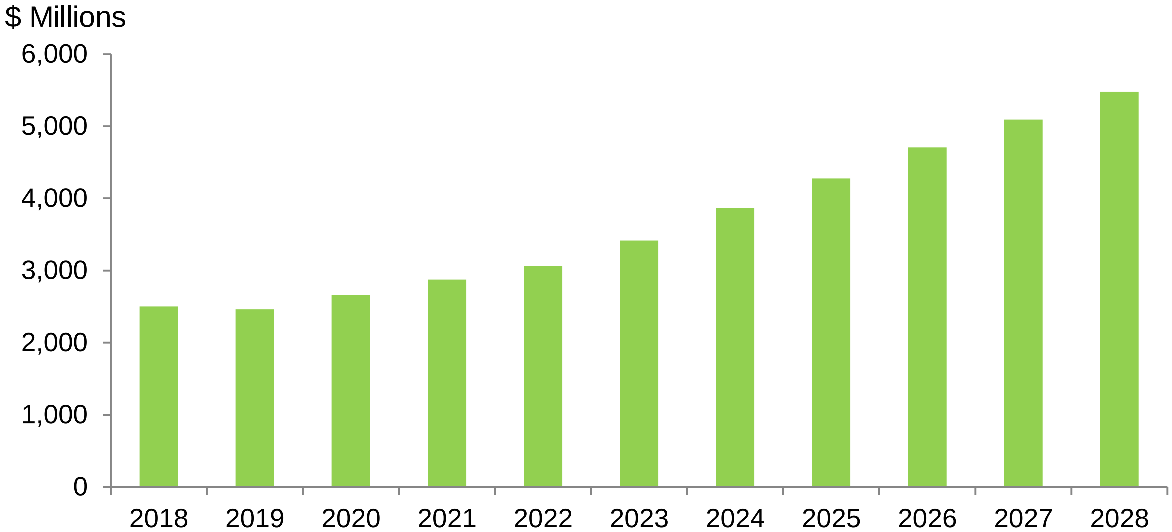
Source: York Region Finance Department

Total reserves are expected to grow moderately and reach $5.5 billion by 2028

As part of its fiscal strategy, York Region continues to maintain and build reserves. Figure 9 shows the expected reserve projection in which total reserves could grow to approximately $5.5 billion by 2028.

Figure 9

Total Reserve forecast



Source: York Region Finance Department

York Region is on track to become a net investor by 2020

In the 2018 fiscal strategy, the Region was expected to be a net investor by 2021; however the current forecast now indicates that the target will be achieved one year earlier, in 2020. A ratio greater than 100 per cent indicates the Region is a net “investor” as opposed to a net “borrower.”

The forecast includes an increase in expected costs of debt financing over time

Average interest rates are weighted to incorporate the actual cash flow timing of a given year’s capital spending authority commitment given there are the multi-year projects. Interest rate assumptions are summarized in Figure 10.

Figure 10

Interest Rate Forecast

Interest Rate	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual Estimate (%)	3.70	4.00	4.25	4.50	4.75	5.00	5.00	5.00	5.00	5.25
Weighted Average (%)*	4.12	4.23	4.38	4.58	4.80	5.00	5.02	5.00	5.04	5.25

* The weighted average interest rates apply to new debenture requirements in the 2019 Capital Plan.

Interest rate fluctuations will also affect debt with refunding provisions. Refunding provisions occur where the debt amortization period (e.g., 20 years) is longer than the contractual terms (e.g., 10 years), requiring part of the debt to be refinanced for an additional term. The concept is similar to a mortgage whereby the mortgage amortization period (e.g., 20 years) is longer than the mortgage contractual term (e.g., 5 years), requiring the borrower to refinance the mortgage upon expiration of the contractual term (e.g., obtain another mortgage contract after 5 years). For existing debt, this risk has been accounted for by calculating the annual repayment on the amount outstanding after the contract term expires using an additional 10-year term with a reforecast future interest rate. For new debt, forecast annual repayments have been calculated at the rates noted in Table 2 using a twenty-year term

The Region has the ability to offset market risk through a variety of mechanisms

Given the volatility of financial markets in recent years, there is a risk that borrowing costs will be higher than expected and/or the market may not be able to absorb the issuance of new debt at the specific time when it is needed.

Interest/market risk mitigation strategies that are being employed to deal with this possibility include:

- Conservative interest rate forecasts
- Use of bond forward agreements to hedge interest costs on new debt issues when appropriate
- Pre-financing of capital projects where it is financially beneficial to do so
- Borrowing applications to government agencies such as Infrastructure Ontario
- Use of variable rate debt/lines of credit or short-term borrowing from reserves in the event of market disruption or in anticipation of significantly lower interest rates
- Use of underwriting syndicates
- An active Investor Relations program
- Structuring new debt to better meet the needs of potential investors.

The debt management plan has other risks

Other risks relate to the forecast of capital infrastructure costs. Factors such as change orders, inflation, the addition of new projects, or projects being moved forward in the capital plan could result in higher debt requirements than are anticipated in this Plan. To address this risk, phase-in strategies for large capital projects will be considered when appropriate.

4. Long-Term Debt and Financial Obligations Policy

Council has approved a Capital Financing and Debt Policy that guides the overall management of the Region's current and expected financing needs and underpins this long-term debt management plan. This policy, last updated and approved by Council in 2016, is reviewed annually to identify and incorporate best practices.

The policy covers all long-term financial obligations entered into by the Region. It establishes objectives, standards of care, authorized financing instruments, and reporting requirements and responsibilities, so as to ensure that the Region's infrastructure needs are financed as effectively as possible.

5. Prudent and Cost-Effective Management of Existing and Projected Long-Term Debt and Other Financial Obligations

The Capital Financing and Debt Policy sets out provisions to manage existing and projected long-term debt and other financial obligations in the most prudent and cost-effective manner possible.

These provisions include:

- Parameters and risk considerations for financing leases, which can be used in certain circumstances where long-term debt financing is neither feasible nor appropriate (i.e., lease versus buy)
- Diversification and optimization of the term structure of debentures through a review of interest rate curves
- Limiting the term of financing to the lesser of the anticipated useful life of the underlying asset or the period over which repayment will occur
- Ensuring a high standard of care by ensuring that staff are sufficiently knowledgeable with respect to standard financing transactions and/or the use of outside advice when necessary
- Maintaining an investor relations program to increase market awareness and boost demand for Regional debentures
- Maintaining at least a AA- credit rating to minimize interest costs and maximize access to capital markets
- Use of an underwriting syndicate to facilitate the marketing and selling of debenture issues.

6. Estimated Temporary Borrowing Needs for 2019

Temporary borrowing needs arise from the need to finance operational expenditures pending receipt of taxes and other revenues and the need to finance capital expenditures until long-term financing is in place

The Region’s temporary borrowing requirements are addressed in detail under a separate report to Council. In 2019, it is estimated that approximately $430 million will be required for operating needs. Temporary borrowing can also result from the need to interim finance capital expenditures until long-term financing is in place. In 2019, it is estimated that approximately $300 million will be required for interim capital financing.

Similar to long-term debt and financial obligations, the Province limits the amount of funding used for temporary borrowing needs to 50 per cent of budgeted total revenue from January to September of the previous year and 25 per cent from October to December.[4] The Region's estimated temporary borrowing needs noted above are well within these limits. It is Regional policy to fund these short-term needs out of reserves and this is expected to continue in 2019. Any funds borrowed from reserves are always paid back during the year of borrowing with interest at the same rate that would have been earned on the corresponding reserves.

7. Evaluation and Comparison of 2018 Projections and Outcomes

As Figure 11 shows, the Region was in compliance with its annual repayment limit for 2018.

Figure 11

Region's 2018 Annual Repayment Limit ($Millions)

Component Description	Forecast	Actual	Difference
25% of Own Source Revenues	395	395	–
Plus: Growth Cost Supplement[5]	265	260	(5)
Total Annual Repayment Limit	**660**	**655**	**(5)**
Less: Existing Debt Payment and Financial Obligations	315	314	(1)
Less: Anticipated New Debt Payment	7	–	(7)
Remaining Annual Repayment Limit	**338**	**341**	**3**

Source: York Region Finance Department

The unfavourable difference of $5 million in growth cost supplement shown in Table 3 above was due to lower than expected development charge collections in 2017. The favourable difference of $7 million to service new debt in 2018 was avoided as a result of the fiscal strategy by drawing on reserves to fund capital projects.

The 10-year Capital Plan included in the 2019 budget has a total debt requirement of $1.9 billion over the 2019 to 2028 period. This debt requirement is $0.7 billion higher than last year's requirement of $1.2 billion over the 2018 to 2027 period. The increase of $700 million in new debt is largely attributable to decline in development charge collections, as well as the timing on some infrastructure investments.

[4] Temporary borrowing provisions are set out in Sections 405 and 407 of the Municipal Act, 2001. Temporary borrowings are not part of the annual repayment limit calculations.

[5] Growth Cost Supplement in 2019 is calculated at 80 per cent of the 3-year rolling average of development charge collections (2016-2018 inclusive).

The updated debt requirement lowers the Region's remaining annual repayment limit room to $393 million in 2019 to $473 million in 2028. Overall, the Region has sufficient financial flexibility in the 2019 forecast.

8. Conclusion

The long-term debt management plan addresses the matters that Council is required to consider before adopting the Long-Term Debt Management Plan. The financing that the Region requires to fund and manage its capital plan is within its annual repayment limit. Staff will continue to assess the long-term implications of the annual repayment limit methodology as outlined in the Regulation.

APPENDIX 1

Determination of Annual Repayment Limit

1. Step 1: Calculate 25 per cent of Own Source Revenue

Own source revenue includes:

- Property tax revenue
- Water and wastewater revenues
- Transit fares
- Fees provided for police services, public housing rents, and fees from services provided to other municipalities.

Own source revenue does not include development charges, grants and subsidies from other levels of government, other deferred revenues (e.g., gas tax revenues), and contributions from reserves.

Figure A1 provides the 2019-2028 forecast based on information and assumptions contained in the 2019 Operating Budget.

Figure A1

Calculate 25 per cent of Own Source Revenues ($Millions)

Annual Repayment Limit determination[1]	2019	2020	2021	2022	2023
Property taxes/Payments in lieu[2]	1,043	1,072	1,132	1,183	1,236
User rates - sewage/water/solid waste[3]	295	332	354	386	406
Transportation user fees	96	76	77	81	85
Other user fees[4]	55	42	43	45	47
Provincial fines	17	15	15	15	15
Other revenue[5]	181	73	73	82	91
Total - Net revenues	1,687	1,610	1,694	1,792	1,880
25% of Net revenues	422	403	424	448	470

Annual Repayment Limit determination[1]	2024	2025	2026	2027	2028
Property taxes/Payments in lieu[2]	1,291	1,344	1,405	1,468	1,535
User rates - sewage/water/solid waste[3]	421	437	454	471	489
Transportation user fees	89	92	94	97	100
Other user fees[4]	48	49	50	51	52
Provincial fines	15	15	15	15	15
Other revenue[5]	100	108	119	128	145
Total - Net revenues	1,964	2,045	2,137	2,230	2,336
25% of Net revenues	491	511	534	558	584

Notes:

1. The calculation uses own source revenues from two years prior to the current year, corresponding to the Financial Information Return year. The annual repayment limit for 2019 is based on actual results of the 2017 Financial Information Return. The limit for 2020 is based on 2018 Operating Budget for 2018. The limit for 2021 to 2024 is based on the 2019 Operating Budget for 2019 to 2022.

2. Property taxes for 2021 are based on expected results for 2019 and assume 2.15 per cent assessment growth plus 1.22 per cent net tax levy growth for a total of 3.37 per cent. Property taxes are assumed to increase a total of 2.96 per cent annually between 2022 to 2024 and 2.90 per cent thereafter.

3. Water and wastewater rates are planned to increase 9.0 per cent annually for 2019-2022 and 2.9 per cent for 2023. Thereafter, rate increases are assumed to continue at 2.9 per cent annually.

4. Other user fees include revenues generated by: Police Services, Public Health, EMS, Community and Health Services, Social Housing, and Planning. The 2019 Operating Budget assumes other user fees grow at an average annual rate of 3.87 per cent between 2019 to 2022. Thereafter, fees are assumed to increase by an annual average of 1.65 per cent.

5. Other revenue includes: Investment Income, Sale of Publications and recoveries. Investment income is based on reserve balance forecasts assuming a rate of return of 2.50 per cent for 2019. Thereafter, rates of return range from 2.75 per cent to 3.50 per cent.

2. Step 2: Calculate Growth Cost Supplement

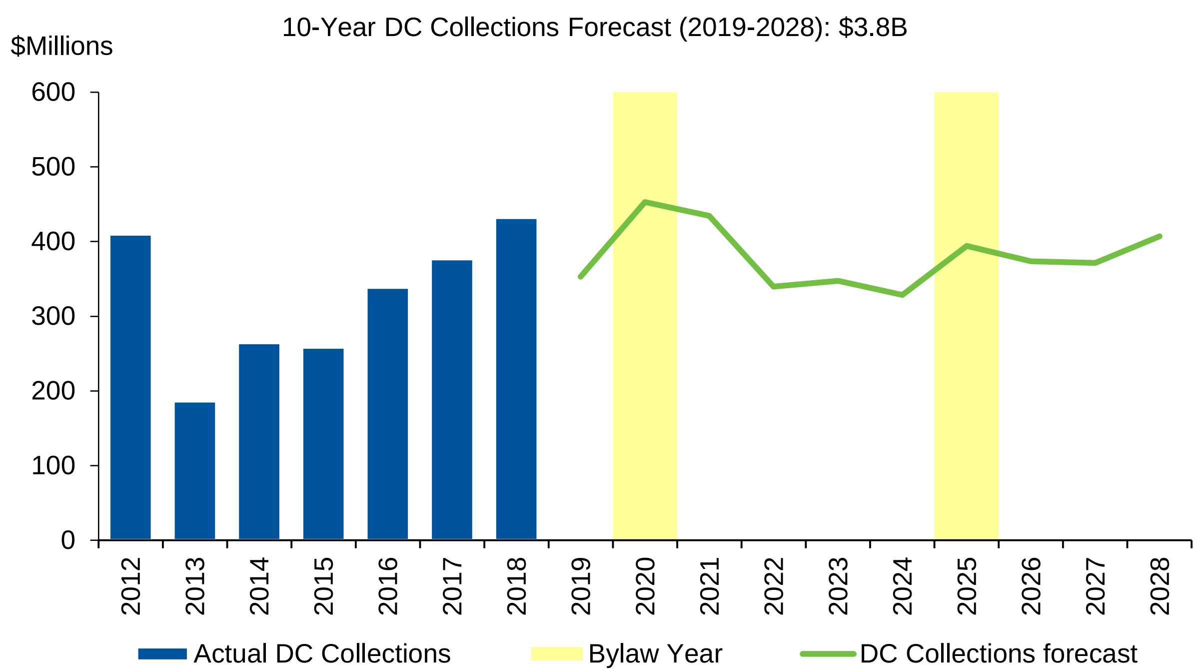
The growth cost supplement is based on development charge collections. The Regulation allows the Region to include an amount equal to 80 per cent of the average development charge collections for the previous three fiscal years. A forecast of development charge collections is also required as part of this plan.

A 10-year development charge collections forecast was prepared for the period 2019 to 2028. The development charge collection estimate for 2018 was based on the actual year-to-date collections realized by August 30, 2018 as well as historic and recent economic trends.

The 2019 to 2038 collections forecast is generated using econometric models that differentiate between the short, medium and long terms. Historic and forecast development charge collections are provided on Figure A2 below.

Figure A2

Comparison of Forecasted Remaining Annual Repayment Room



Source: York Region Finance Department

3. Step 3: Calculate Total Annual Repayment Limit

The final step is to calculate the total annual repayment limit by adding the revenues and collections calculated in Steps 1 and 2 above, as summarized in Figure A3.

Figure A3

Total Annual Repayment Limit ($Millions)

Component Description	2019	2020	2021	2022	2023
Total own source revenues	1,687	1,610	1,694	1,792	1,880
25% of Own source revenues (A)	422	403	424	448	470
Development charge collections (3-year rolling average)	375	376	401	409	409
Development charge cost supplement (%)	70%	70%	70%	70%	70%
Development charge cost supplement ($) (B)	263	263	281	286	286
Growth related debt and financial obligation limit (Annual repayment limit) (A+B)	685	666	705	734	756

Component Description	2024	2025	2026	2027	2028
Total own source revenues	1,964	2,045	2,137	2,230	2,336
25% of Own source revenues (A)	491	511	534	558	584
Development charge collections (3-year rolling average)	374	339	357	365	380
Development charge cost supplement (%)	70%	70%	70%	70%	70%
Development charge cost supplement ($) (B)	262	237	250	256	266
Growth related debt and financial obligation limit (Annual repayment limit) (A+B)	753	748	784	814	850

Note:

1. While the Regulation allows the Region to include an amount equivalent to 80 per cent of the average development charge collections for the previous three fiscal years as a growth cost supplement, the 2019 to 2028 annual repayment limit is calculated based on a more conservative assumption of 70 per cent.