
Report No.: CPS-21-2019
Meeting Date: March 6, 2019
Submitted by: Tiffany Farrell, Director of Corporate Services
Subject: Treasurer Statement 2018 – Development Charges

Recommendation:

THAT the Development Charges Treasurer Statement for 2018 be received and posted on the website.

Purpose:

To present to Council the Development Charges Activity for 2018.

Background:

DEVELOPMENT CHARGES RESERVE FUND AND TREASURERS STATEMENT POLICY
Legislative Requirements

The Development Charges Act, 1997 (DCA) requires development charge collections (and associated interest) to be placed in separate reserve funds. Sections 33 through 36 of the Act provide the following regarding reserve fund establishment and use:

- a municipality shall establish a reserve fund for each service to which the DC by-law relates; s.7(1), however, allows services to be grouped into categories of services for reserve fund (and credit) purposes, although only 100% eligible and 90% eligible services may be combined (minimum of two reserve funds);
- the municipality shall pay each development charge it collects into a reserve fund or funds to which the charge relates;
- the money in a reserve fund shall be spent only for the “capital costs” determined through the legislated calculation process (as per s.5(1) 2-8);
- money may be borrowed from the fund but must be paid back with interest (O.Reg. 82/98, s.11(1) defines this as Bank of Canada rate either on the day the by-law comes into force or, if specified in the by-law, the first business day of each quarter);
- DC reserve funds may not be consolidated with other municipal reserve funds for investment purposes and may only be as an interim financing source for capital undertakings for which development charges may be spent (s.37).

Annually, the Treasurer of the municipality is required to provide Council with a financial statement related to the DC by-law(s) and reserve funds. This statement must be made available to the public and may be requested to be forwarded to the Minister of Municipal Affairs and Housing. The DCA does not prescribe how the statement is to be made available to the public. I would recommend that a resolution of Council make the statement available on the municipality’s website.

Subsection 43(2) and O.Reg. 82/98 prescribes the information that must be included in the Treasurer's statement, as follows:

- opening balance;
- closing balance;
- description of each service and/or service category for which the reserve fund was established (including a list of services within a service category);
- transactions for the year (e.g. collections, draws) including each assets capital costs to be funded from the DC reserve fund and the manner for funding the capital costs not funded under the DC by-law (i.e. non-DC recoverable cost share and post-period DC recoverable cost share);
- for projects financed by development charges, the amount spent on the project from the DC reserve fund and the amount and source of any other monies spent on the project.
- amounts borrowed, purpose of the borrowing and interest accrued during previous year;
- amount and source of money used by the municipality to repay municipal obligations to the DC reserve fund;
- list of credits by service or service category (outstanding at beginning of the year, given in the year and outstanding at the end of the year by holder); and
- for credits granted under s.14 of the old DCA, a schedule identifying the value of credits recognized by the municipality, the service to which it applies and the source of funding used to finance the credit; and
- a statement as to compliance with s.s. 59(1) of the DCA, whereby the municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the DC or another Act.

DC Reserve Fund Application

Section 35 of the DCA states that:

"The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 8 of subsection 5(1)."

This provision clearly establishes that reserve funds collected for a specific service are only to be used for that service, or to be used as a source of interim financing of capital undertakings for which a development charge may be spent.

Analysis:

Based upon the above, Figure 1, and Attachments 1 and 2, set out the format for which annual reporting to Council should be provided.

Financial Implications:

See attached report

Strategic Plan:

Financial: Maintain Financial Integrity

Figure 1
Municipality of Middlesex Centre
Annual Treasurers Statement of Reserve Funds for By-Law 2017-133

Description	Services to which the Development Charge Relates							
	Non-Discounted Services							
	Protection	Roads	Public Works	Parks & Recreation	Libraries	Major Studies	Water	Wastewater
Opening Balance, January 1, 2018	- 882,524	- 2,594,621	- 297,393	- 513,266	71,498	- 310,199	- 892,651	150,368
<u>Plus:</u>								
Development Charge Collections	230,973	352,715	76,195	174,370	5,473	40,963	150,611	990,122
Accrued Interest	- 14,633	- 49,332	- 4,992	- 7,680	1,652	- 5,931	- 16,380	16,577
Repayment of Monies Borrowed from Fund and Associated Interest ¹	-	-	-	-	-	-	-	-
Sub-Total	- 666,184	- 2,291,237	- 226,190	- 346,577	78,623	- 275,167	- 758,420	1,157,067
<u>Less:</u>								
Amount Transferred to Capital (or Other) Funds ²	-	1,945,501	67,920	221,628	-	-	537,446	5,912,232
Amounts Refunded								
Amounts Loaned to Other DC Service Category for Interim Financing								
Credits ³								278,559
Sub-Total	-	1,945,501	67,920	221,628	-	-	537,446	6,190,791
Closing Balance, December 31, 2018	- 666,184	- 4,236,738	- 294,110	- 568,205	78,623	- 275,167	- 1,295,866	- 5,033,724

¹ Source of funds used to repay the DC reserve fund

² See Attachment 1 for details

³ See Attachment 2 for details

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.

**Attachment 1
Municipality of Middlesex Centre
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions**

Capital Fund Transactions	Gross Capital Cost	DC Recoverable Cost Share					Non-DC Recoverable Cost Share				
		DC By-Law Period			Post DC By-Law Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		DC Reserve Fund Draw	DC Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions					
Roads											
Martin Road	326,168		67,445				258,723				
Hyde Park Road	2,086,729		1,878,056			208,673	-				
Sub-Total - Roads	2,412,897	-	1,945,501	-	-	208,673	258,723	-	-	-	-
Parks & Recreation											
Ilderton Tertiary Trail	20,408	18,367		-			2,041				
Arva Playground Equipment	50,675	45,607					5,067				
Diamond Groomer	3,800	3,420					380				
Sub-Total - Parks & Recreation	74,882	67,394	-	-	-	-	7,488	-	-	-	-
Water											
Glendon Drive Watermain	67,047	36,406	-					30,640			
Delaware Standpipe Replacement	1,346,627	47,097	-	937,088				362,442			
Water supply interconnection	1,292,405		284,329					1,008,076			
Sub-Total - Water	2,706,078	83,503	284,329	937,088	-	-	-	1,401,158	-	-	-
Wastewater											
Kilworth West Connection Sanitary Sewer	1,948,610		1,539,402					409,208			
Ilderton Wastewater Treatment Facility	3,715,782		3,715,782					-			
Sub-Total - Wastewater	5,664,392	-	5,255,184	-	-	-	-	409,208	-	-	-

Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions

Operating Fund Transactions	Annual Debt Repayment Amount	DC Reserve Fund Draw		Post DC By-Law Period			Non-DC Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
Public Works									
Operation Centre	383,727	44,849	23,070				208,536	107,271	Tax Levy
Sub-Total - Services Related to Public Works	383,727	44,849	23,070	-	-	-	208,536	107,271	
Parks & Recreation									
Wellness Centre	353,748	80,614	73,620				104,280	95,234	Tax Levy
Sub-Total - Parks and Recreation	353,748	80,614	73,620	-	-	-	104,280	95,234	
Water									
Kilworth/Komoka Waterline	339,227	112,221	57,393				112,221	57,393	User Fees
Sub-Total - Water	339,227	112,221	57,393	-	-	-	112,221	57,393	
Wastewater									
Kilworth/Komoka Wastewater	262,500	183,750					78,750		User Fees
Komoka Wastewater	598,609	241,493	177,533				103,497	76,086	User Fees
Timberwalk Pumping Station	80,762	27,862	26,410				13,599	12,891	User Fees
Sub-Total - Wastewater	941,871	453,105	203,944	-	-	-	195,846	88,976	

Attachment 2
Municipality of Middlesex Centre
Statement of Credit Holder Transactions

Credit Holder	Applicable DC Reserve Fund	Credit Balance Outstanding Beginning of Year 2018	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance Outstanding End of Year 2018
Sifton	Wastewater	346,836	-	278,559	68,277