

Report No.: CS016-009
Meeting Date: April 20, 2016
Submitted by: Tiffany Farrell
Subject: Development Charges Treasurer Statement 2015

Recommendation:

THAT the Development Charges Treasurer Statement for 2015 be received and posted on the website.

Purpose:

To present to Council the Development Charges Activity for 2015.

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.

ATTACHMENTS

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 2014-069

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, 2015	4,581	265,024	2,296	- 118,270	52,329	- 356,083	- 441,228	697,341
<u>Plus:</u>								
Development Charge Collections	103,189	143,662	41,864	131,230	5,032	22,841	103,222	772,777
Accrued Interest	563	5,323	239	- 1,453	942	- 6,137	- 7,252	15,103
Repayment of Monies Borrowed from Fund and Associated Interest ¹	-	-	-	-	-	-	-	-
Sub-Total	108,332	414,009	44,399	11,507	58,303	- 339,379	- 345,258	1,485,220
<u>Less:</u>								
Amount Transferred to Capital (or Other) Funds ²	38,656	30,764	314,431	334,109			281,032	705,139
Amounts Refunded								
Amounts Loaned to Other DC Service Category for Interim Financing								
Credits ³								155,584
Sub-Total	38,656	30,764	314,431	334,109	-	-	281,032	860,723
Closing Balance, December 31, 2015	69,676	383,245	- 270,032	- 322,602	58,303	- 339,379	- 626,290	624,497

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.