

REPORT TO: Chair and Members of the Administration/Finance/Fire Committee
FROM: Donna DeFilippis, Treasurer and Director of Finance
DATE: May 19, 2015
REPORT NO: RFD-T-06-15
SUBJECT: Development Charge Reserve Funds – Treasurer’s Annual Statement - 2014

OVERVIEW:

- Schedule A summarizes the activity within the Township’s Development Fund Reserves for 2014.
- This reporting is a requirement of the Development Charge Act and will be submitted to the Ministry of Municipal Affairs and Housing, as per the legislation.

RECOMMENDATION:

- (1) That, report RFD-T-06-15, regarding “Development Charge Reserve Funds – Treasurer’s Annual Statement – 2014”, dated May 19m 2015 be received; and,
- (2) That, the Treasurer forward Schedule A (Development Charge Reserve Fund Activity for the period ended December 31, 2014) to the Ministry of Municipal Affairs and Housing, as per legislation.

ALIGNMENT TO STRATEGIC PLAN:

Not applicable. This is a legislated requirement of the Treasurer.

BACKGROUND:

Section 43 of the *Development Charges Act, 1997* (DCA) requires that the Treasurer submit financial statements regarding the development fund activity to Council and the Ministry of Municipal Affairs and Housing. The attached statement of Development Charges Reserve Fund Activity, provided as “Schedule A”, includes opening and closing balances, descriptions of the categories covered, and a summary of the financial transactions for the 2014 fiscal year. Development Charges are included in our annual audited financial statements within the Deferred Revenue category, in the Consolidated Statement of Financial Position and within the Notes section. The 2014 Financial Statements will be presented in the upcoming months, as the audit is primarily completed and the 2014 Financial Statements have been forwarded to our external auditors for final review.

CURRENT SITUATION:

Development charges are one-time fees collected on new residential and non-residential properties to finance a portion of the capital infrastructure requirements associated with

growth. Amounts collected are held in the designated Development Charge Reserve Fund account and accumulate interest. The growth-related spending authority is approved annually as part of the Township's budget process with capital projects included in the current background study being eligible for development charge funding.

In 2014, the Township of West Lincoln received a Development Charge Background Study dated July 2, 2014, which was prepared by DFA Infrastructure International Inc. & BMA Management Consulting Inc. with staff input. The study provided the basis for the Development Charge By-law 2014-61 which was passed on July 16, 2014 and is effective for a five year period, expiring on July 19, 2019.

The statement (Schedule A) provides a summary of the financial activity of the various Development Charge Reserve Funds for the year ending December 31, 2014. Revenues consist of contributions collected at the time of building permit issuance, plus interest earned in the fiscal year. Transfers for funding are made in accordance with the Township's 2014 Background Study in support of the Development Charge By-law 2014-61. The closing balance as at December 31, 2014 is the cash balance in the Development Charge Reserve Account.

FINANCIAL IMPLICATIONS:

Development Charges (DC's) are fees collected which assist in financing a portion of capital requirements as they relate to growth. The Development Charge By-law sets the fees for collection at the building permit stage. These DC fees are collected and deposited into the separate Development Charge Reserve Funds in accordance with legislative requirements. Interest accrues on these funds and draws are made for eligible capital expenditures. DC's are a form of financing for capital as it relates to growth and such fees are governed under the *Development Charges Act, 1997* (DCA).

INTER-DEPARTMENTAL COMMENTS:

The CAO, Directors and Fire Chief, as well as the Treasurer, are involved in the work related to the Background Study. The senior department leaders provide detailed information on growth-related capital for the ten year period that the Background Study covers. As part of the annual budget process each year, the budgeted capital project submissions are reviewed with Department Heads to indicate which projects may be eligible for funding from the specific DC Reserves.

CONCLUSION:

It is recommended that the Development Charge Reserve Fund Activity Report for the year ended December 31, 2014, be received and that Schedule A be forwarded to the Ministry of Municipal Affairs and Housing, thus meeting the legislated obligation of the

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Treasurer under Section 43 of the *Development Charges Act*, 1997.

Prepared by:

Approved by:

Donna DeFilippis
Treasurer/Director of Finance

Chris Carter, CAO

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