

## Purpose

This report provides a financial statement relating to development charges collected during 2019 including reserve fund transactions and balances.

## Overview - How Development Charges Are Recorded

Development charges collected are included in an obligatory reserve fund by each service area as outlined in the 2014 and in the 2019 DC background studies. At the end of each year, staff reviews the spending on growth related projects as identified in the background study and transfers the DC's collected that can be earned during the year. The funds are transferred to fund the respective growth related projects, which creates a project surplus and is transferred to the respective Capital Financing Reserve Fund. These reserve funds can then be used towards future capital projects.

Currently, DC's are not shown as a funding source in the annual Capital Budget as the funding amount is unknown until collected at the building stage which is based on the development activity that varies year to year. As well, there are DC instalments where DC's will be collected over 5 or 20 years when certain types of buildings are first occupied, as well as exemptions from the DC Act and DC By-Law 2014-151 and 2019-100.

## 1. Treasurer's Annual Statement

The Development Charges Act, section 43(1) states that "The treasurer of a municipality shall each year on or before such date as the council of the municipality may direct, give the Council a financial statement relating to development charge by-laws and reserve funds established under section 33." In addition, Paragraphs 12 and 13 of Ontario Regulation 82/98 indicate the information to be included in the report.

Schedule "A" provides a summary of the development charges collected during 2019 as per this By-Law including reserve fund transactions and balances. Schedule "B" provides a list of growth related capital projects that have received contributions from the development charges reserve funds in 2019. The City prefunds the growth related portion of capital projects until development charges are collected in future years.

A summary of the Development Charges activities and obligatory reserve funds relating to by-law 2014-151 and 2019-100 is detailed below:

January 1, 2019 – opening balance	\$ 2,059,100
Development Charges received	2,828,298
Interest earned	82,518
Transfers to capital projects	(2,872,609)
December 31, 2019 – closing balance	<u>\$ 2,097,307</u>

The balance in the obligatory reserve funds is made up of the following major categories:

General services	\$ 2,097,307
Engineered services	<u>0</u>
Total Development Charge reserve funds	<u>\$ 2,097,307</u>

Funds remaining in the Development Charges Reserve Funds are considered to be committed for projects as identified in the 2019 Development Charges Background Study. In addition, these funds have been reflected in the 2019 Development Charges Background Study under the column of "Available DC Reserves" which decreases DC eligible costs to be collected in the future as this amount has already been collected for projects not yet started (ie. new buildings for Fire Services, Paramedic Services and Police Services). The funds will be transferred to the capital projects when growth related costs are incurred.

No amounts have been borrowed from the funds during the year or in any previous years. Therefore, no amounts have been repaid for any previous borrowings as there have been no previous borrowings.

Furthermore, the City is in compliance with respect to the following "A municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct to service related to development, except as permitted by this Act or another Act." This statement prohibits municipalities from requesting "voluntary, but mandatory" payments for the 10% discount, ineligible services and post period shares as it relates to the calculation of the DC rates within the DC background study, which is completed every 5 years.

## **Conclusion**

Pursuant to Section 43 of the Development Charges Act, the Treasurer shall furnish to Council a financial statement (Schedule A, B and C) relating to the Development Charges By-Law and reserve funds.

## **Appendices**

Appendix A – Development Charges Obligatory Reserve Funds

Appendix B – Annual Development Charges Transfers by Project

Appendix C – Development Charges – Credits Outstanding