



Staff Report

Report #: 2016-12F

Date: August 9, 2016

Submitted By: Ursula D'Angelo, Director of Finance

Subject: 2014 and 2015 DEVELOPMENT CHARGES – STATEMENT OF TREASURER

Recommendations:

Be it resolved that Council receives the Director of Finance's Report "2014 and 2015 Development Charges - Statement of Treasurer", for information purposes.

And That Council directs that the "Statement" be made public and to the Minister of Municipal Affairs on request.

Background:

Pursuant to Section 43 of the *Development Charges Act, 1997*(DCA) every municipal Treasurer is required to give Council an annual financial statement relating to the Town's Development Charge By-law and Reserve Funds. This year, there will be a report for 2014 and 2015. Going forward, there will only be one report per year.

The DCA requires collection of development charges (and associated interest) to have separate reserve funds. Section 33 through 36 of the DCA provides the following regarding reserve fund establishment and use:

- Categories of service, as per Town's By-law 14-35, for which development charges are imposed. The categories are:
 - a) Transportation services
 - b) Fire Protection Services
 - c) Parks and Recreation Services
 - d) Administration (studies)
 - e) Water Supply Services
- The municipality will establish a reserve fund for each development charge collected.

- Money may be borrowed from the fund but must be paid back with interest (O.Reg. 82/98, s. 11(1) defines the 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 financial source for capital undertakings for which development charges may be spent (s. 37)

2014 Development Charges – Statement of Treasurer

The information that is included in the Treasurer’s Statement is prescribed by s.43(2) and O. Reg. 82/98. In the Appendices of this Council Report, Attachment 1 “Development Charges Reserve Fund – Treasurer’s Statement 2014”, shows the revenues and disbursements and the year-end fund balances based on service components for 2014.

Fund	2014	2013
Transportation Services	562,886.97	411,956.06
Fire Services	41,684.84	52,651.47
Parks & Recreation	171,875.40	139,377.78
Administration	94,961.64	96,276.72
Water	379,500.20	356,689.34
Total DC Fund Balance	1,250,909.05	1,056,951.37

In 2014, \$298,060.96 was collected from developers and new home builders and transferred to Development Charges Fund. Interest earned on the reserve funds amounted to \$21,138.91. The DCA requires municipalities to spend DC funds on “growth related capital projects”. In 2014, the Town financed from DC’s the “growth-related” portion for Hillsburgh Fire Hall for \$51,500. In addition, \$52,603.28 funds were transferred to operating revenue to pay for eligible expenses such as Development Charges Background Study, loan for a tennis court and Centre 2000 loan payment allowed under by-law #14-35.

2015 Development Charges – Statement of Treasurer

The information that is included in the Treasurer’s Statement is prescribed by s.43(2) and O. Reg. 82/98. In the Appendices of this Council Report, Attachment 4 “Development Charges Reserve Fund – Treasurer’s Statement 2015”, shows the revenues and disbursements and the year-end fund balances based on service components for 2015.

In December 3, 2015, Bill 73, “*Smart Growth for Our Communities Act*”, was enacted and made amendments to the reporting requirements as outlined in the DCA. The amended legislation is effective January 1, 2016. Bill 73 requires additional details such as use and sources of funds, a statements as to the municipalities compliance in not imposing, directly or indirectly, a charge related to the development or a requirement to construct a service related to development, except as permitted by the DCA which is shown in Attachment 5, “Amount Transferred to Capital or Operating Fund – Treasurer’s Statement 2015”.

In 2015, \$488,918.05 was collected from developers and new home builders and transferred to Development Charges Fund. Interest earned on the reserve funds amounted to \$21,545.36. The DCA requires municipalities to spend on DC funds on “growth related capital projects”. In 2015, \$156,957.18 was transferred to pay for debt servicing cost for Hillsburgh Fire Hall, soccer fields and Centre 2000. In addition, \$85,382.70 was spent on paying for capital projects for Daniel St, 17 Sideroad reconstruction and water services studies.

Financial Impact:

There is no financial impact to this report.

Consultation:

None

Communications Plan:

This Report and attachments will be circulated with the Council Agenda package for August 9, 2016.

Conclusion:

The Town’s Development Charges Fund balance increased 193,957.68 or 18.4% in 2014 and increased \$246,578.17, or 19.7 % in 2015, despite disbursements to fund major capital projects and long-term debt. The interest earned on the invested balances continues to be modest as a result of low interest rates.

Appendices:

Appendix 1 – Development Charges Reserve Fund – Treasurer’s Statement 2014

Appendix 2 – Listing of Credits – Treasurer’s Statement 2014

Appendix 3 – Capital Projects Financed with DCs - Treasurer’s Statement 2014

Appendix 4 – Development Charges Reserve Fund – Treasurer’s Statement 2015

Appendix 5 – Amount Transferred to Capital or Operating Funds – Treasurer’s Statement 2015

TOWN OF ERIN

Development Charges Reserve Fund - Treasurer's Statement 2014

Attachment 1

January 1, 2014 to December 31, 2014

		DEVELOPMENT CHARGES					
		Transportation SERVICES	FIRE SERVICES	PARKS & REC SERV	ADMIN.	WATER	TOTAL
Surplus, January 1, 2014		\$ 411,956.06	\$ 52,651.47	\$ 139,377.78	\$ 96,276.72	\$ 356,689.34	\$ 1,056,951.37
Add:							
Developer's Contributions		\$ 143,297.82	\$ 39,188.57	\$ 59,674.19	\$ 20,012.67	\$ 14,748.80	\$ 276,922.05
Donations							
Net Fundraising revenue							
Transfer from Reserve Funds		\$ 3,902.30	\$ 1,319.54	\$ 1,451.64	\$ 824.56	\$ 6,751.04	\$ 14,249.08
Interest earned-investments		\$ 3,730.79	\$ 25.26	\$ 1,007.79	\$ 814.97	\$ 1,311.02	\$ 6,889.83
-bank		\$ 150,930.91	\$ 40,533.37	\$ 62,133.62	\$ 21,652.20	\$ 22,810.86	\$ 298,060.96
Less:							
Transfer to revenue fund				\$ 29,636.00	\$ 22,967.28		\$ 52,603.28
Transfer to capital fund			\$ 51,500.00				\$ 51,500.00
Transfer between funds		\$ -		\$ 29,636.00	\$ 22,967.28	\$ -	\$ 104,103.28
Surplus, December 31, 2014		<u>\$ 562,886.97</u>	<u>\$ 41,684.84</u>	<u>\$ 171,875.40</u>	<u>\$ 94,961.64</u>	<u>\$ 379,500.20</u>	<u>\$ 1,250,909.05</u>
Allocated as follows:							
Bank		\$ 100,591.87	\$ (8,835.92)	\$ 116,278.47	\$ 63,349.05	\$ 119,842.32	\$ 391,225.79
Investments		\$ 462,295.10	\$ 50,520.76	\$ 55,596.93	\$ 31,612.59	\$ 259,657.88	\$ 859,683.26
Interfund Loans							
Due from revenue fund							
Due to revenue fund							
Surplus, December 31, 2014		<u>\$ 562,886.97</u>	<u>\$ 41,684.84</u>	<u>\$ 171,875.40</u>	<u>\$ 94,961.64</u>	<u>\$ 379,500.20</u>	<u>\$ 1,250,909.05</u>

NOTES:

- (1) ATTACHMENT 1 - Description of Services
- (2) ATTACHMENT 2 - List of Credits indentified in 2014
- (3) ATTACHMENT 3 - List of 2014 Projects Financed, in whole or in part by Development Charges

Attachment 2

TOWN OF ERIN

Listing of Credits - Treasurer's Statement 2014

January 1, 2014 to December 31, 2014

LISTING OF CREDITS - 2014					
CREDIT HOLDER	APPLICABLE DC RESERVE FUND	OPENING CREDITS	ADDED CREDITS	CREDITS USED	CLOSING CREDIT BAL
					\$0.00
TOTALS		\$0.00	\$0.00	\$0.00	\$0.00

TOWN OF ERIN

Capital Projects Financed with DCs - Treasurer's Statement 2014

January 1, 2014 to December 31, 2014

CAPITAL PROJECTS FINANCED WITH DC'S - 2014

CAPITAL PROJECT	DC SERVICE CATEGORY	% DC RECOVERABLE	DC RESERVE FUND DRAW	CURRENT FUND DRAW	OTHER FUND DRAW	GOVT GRANTS	NEW DEBT	TOTAL PROJECT
Hillsburgh Fire Hall Reconstruction	Fire	31.06%	\$51,500.00					\$51,500.00
Development Charges Background Study	Admin	90.00%	\$22,967.28					\$22,967.28
Tennis Court Loan	Recreation	100.00%	\$4,636.00					\$4,636.00
Centre 2000 Loan Payment	Recreation	100.00%	\$25,000.00					\$25,000.00
TOTALS >			\$104,103.28	\$0.00	\$0.00	\$0.00	\$0.00	\$104,103.28

TOWN OF ERIN
Development Charges Reserve Fund - Treasurer's Statement 2015
 January 1 to December 31, 2015

Services to which the Development Charges Relate

TRANSPORTATION SERVICES *	FIRE SERVICES *	WATER SERVICES *	PARKS & REC SERVICES *	ADMINISTRATION
Non - Discounted Services				
Discounted Services				

\$ 562,886.97	\$ 41,684.84	\$ 379,500.20	\$ 171,875.40	\$ 94,961.64
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Opening Balance; January 1, 2015

\$ 1,250,909.05

Add:

- Development Charges Collections
- Interest Earned on Investments
- Interest Earned on Bank Balance
- Repayment of Monies Borrowed from Fund & Associated Interest
- Sub-Total

\$ 244,284.78	\$ 93,549.17	\$ 25,854.07	\$ 72,628.70	\$ 31,055.97
\$ 8,985.55	\$ 979.05	\$ 5,038.47	\$ 1,077.12	\$ 611.70
\$ 1,671.68	\$ 170.30	\$ 1,114.93	\$ 1,182.44	\$ 714.12
\$ 254,942.01	\$ 94,698.52	\$ 32,007.47	\$ 74,888.26	\$ 32,381.79

\$ 467,372.69	\$ 16,691.89	\$ 4,853.47		
\$ 488,918.05				

Less:

- Amount Transferred to Operating Fund **
- Amount Transferred to Capital Fund **
- Amount Loaned to other D.C. Service Category for Interim Financing
- Credits
- Sub-Total

\$ 55,504.66	\$ 41,000.00	\$ 29,878.04	\$ 115,957.18	
\$ 55,504.66	\$ 41,000.00	\$ 29,878.04	\$ 115,957.18	\$ -

\$ 156,957.18	\$ 85,382.70	\$ -		
\$ 242,339.88				

Closing Balance; December 31, 2015

\$ 762,324.32	\$ 95,383.36	\$ 381,629.63	\$ 130,806.48	\$ 127,343.43
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\$ 1,497,487.22

** See Attachment 1 for details

The Town of Erin 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.

* Service Categories for which the Development Charges Reserve Fund was Established

- 1) Transportation Services: Roads, Sidewalks, Streetlights and Bridges, Depots and Domes, Rolling Stock
- 2) Fire Protection Services: Fire Facilities, Fire Vehicles, Equipment and Gear
- 3) Water Services: Facilities and Storage, Distribution Systems
- 4) Parks & Recreation Services: Parkland Development, Amenities & Trails, Recreation Facilities, Parks & Recreation Vehicles and Equipment
- 5) Administration: Studies

Amount Transferred to Capital or Operating Fund - Treasurer's Statement 2015

January 1 to December 31, 2015

Capital Fund Transactions

	Total Amount Spent in 2015	Portion Financed from DC's	Portion Financed Alternatively	Alternative Source of Finance	Breakdown
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Transportation Services

1.) Daniel St Reconstruction / Upgrade	\$ 18,414.90	\$ 6,137.68	\$ 12,277.22	Net Tax Funding	
2.) 17 Sideroad Reconstruction	\$ 380,200.22	\$ 49,366.98	\$ 330,833.24	Federal Gas Tax Revenue 2015	\$ 98,748.79
				Federal Gas Tax Reserve Fund	<u>\$ 232,084.45</u>
					\$ 330,833.24

Water Services

3.) Water - Environmental Assessment	\$ 43,072.35	\$ 21,536.17	\$ 21,536.18	E.A. Study - Reserve Fund	
4.) Wastewater - Environmental Assessment	\$ 16,683.75	\$ 8,341.87	\$ 8,341.88	E.A. Study - Reserve Fund	

Operating Fund Transactions

Fire Protection Services

5.) Hillsburgh Station 50 - Debt; Interest only	\$ 55,135.00	\$ 41,000.00	\$ 14,135.00	Net Tax Funding	
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Parks & Recreation Services

6.) Soccer Field - Debt; Principal	\$ 9,235.56	\$ 9,235.56	-	n/a	
7.) Soccer Field - Debt; Interest	\$ 202.81	\$ 202.81	-	n/a	
	\$ 9,438.38	\$ 9,438.38			
8.) Centre 2000 - Debt; Principal	\$ 104,229.94	\$ 104,229.94	-	n/a	
9.) Centre 2000 - Debt; Interest	\$ 2,288.87	\$ 2,288.87	-	n/a	
	\$ 106,518.80	\$ 106,518.80			