

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON NOVEMBER 7, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2015 ANNUAL REPORT DEVELOPMENT CHARGES RESERVE FUNDS

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the annual statement of the City Treasurer (Appendix A and Appendix B) with respect to the operation of the City Services Reserve Funds and Urban Works Reserve Funds for the year ended December 31, 2015, **BE RECEIVED** for information and be made available to the public on the City of London website.

BACKGROUND

The *Development Charges Act, 1997* (applicable excerpts following) requires that an annual statement be provided to Council relating to reserve funds established under the statute.

Statement of treasurer

43. (1) 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. 1997, c. 27, s. 43 (1).

Requirements

- (2) A statement must include, for the preceding year,
- (a) statements of the opening and closing balances of the reserve funds and of the transactions relating to the funds;
 - (b) statements identifying,
 - (i) all assets whose capital costs were funded under a development charge by-law during the year,
 - (ii) for each asset mentioned in subclause (i), the manner in which any capital cost not funded under the by-law was or will be funded;
 - (c) a statement as to compliance with subsection 59.1(1); and
 - (d) any other information that is prescribed in the regulations. 2015, c.26, s.7(1).

Statement available to public

(2.1) The council shall ensure that the statement is made available to the public, c.26,s.7(1).

Copy to Minister

(3) The treasurer shall give a copy of a statement to the Minister of Municipal Affairs and Housing on request. 2015, c.26, s.7(2).

The attached statements meet the requirements as prescribed under section 43 as described above and will be made available to the public on the City of London website. The City of London is also in compliance with subsection 59.1(1), as described below.

No additional levies

- 59.1** (1) A 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 this Act or another Act. 2015, c.26, s.8.

Previously, the *Development Charges Act, 1997* required that a copy of the annual statement be forwarded to the Minister of Municipal Affairs and Housing. With the passage of Bill 73 and Ontario Regulation 428/15 on December 15, 2015, this is no longer required unless requested by the Minister.

City Services Reserve Funds (CSRF)

Appendix A provides information on the City Services Reserve Funds; the funds that accumulate fees collected through development charges (DC). Page one provides a brief description of the works that may be funded from each reserve fund and the following pages provide a statement of activity in each reserve fund, including revenues and expenditures, growth project budgets, draw downs and fund debt.

The following detailed information is also included.

- The cumulative approved budget including both total financing from DC funds and total financing from all other sources (total DC funding is determined each year in advance of tabling capital budgets and takes into account growth splits assigned in the DC Study).
- The amount of the 2015 draws from the reserve fund (if any), for each active 'City Services' project that involves a commitment from a particular DC reserve fund.
- Approved debt needed to finance the growth portion where the growth portion cannot be funded from reserve fund cash balances on hand (both issued and unissued debt) as well as any inter-fund loans and interest thereon, for each City Services Reserve Fund service component. This debt represents future commitments against the respective reserve funds.
- The total unpaid commitment from the DC reserve fund on approved, active projects (referred to in the report as "Future draws on approved projects"). These unpaid commitments will be satisfied as projects progress to completion.

Urban Works Reserve Funds (UWRF)

The UWRF account activities are reflected in **Appendix B**.

- Page 1 identifies the beginning 2015 balance plus inflows (development charge levies and interest earned) less outflows (capital works, refunds, and DC exemptions).
- Page 2 identifies what capital works were paid through 2015 and the type of work; roads, sanitary sewer, storm sewer, and/or storm water management facility/pond.

In addition to draws made during 2015, there was approximately \$7.3 million of work completed at year end (\$10.7 million at the end of 2014) which will be paid from future revenues of this fund. In accordance with the policies governing the fund, these claims will be paid as the collection of levies permit while having regard to annual payout limits of individual claims as set out in the Development Charge By-law August 4, 2009. The City of London employs a system of paying UWRF claims in cash from available fund balances. These funds are used to finance a class of growth related works that are associated with local development, and constructed by developers, as a condition of subdivision or site development.

Conclusion

In accordance with provincial legislation, it is recommended that this report be received for information and be made available to the public.

Prepared By:	Reviewed By:
Alan Dunbar, Manager, Financial Planning & Policy	Larry Palarchio, Director, Financial Planning & Policy
Recommended By:	
Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer	

Attach.

- cc. Anna Lisa Barbon, Director, Financial Services
- P. Christiaans, Director, Development Finance