

TO:	CHAIR AND MEMBERS FINANCE & ADMINISTRATIVE SERVICES COMMITTEE MEETING ON SEPTEMBER 24, 2012
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	2011 ANNUAL REPORT DEVELOPMENT CHARGES RESERVE FUNDS

RECOMMENDATION

That on the recommendation of the City Treasurer, Chief Financial Officer:

1. 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, 2011 **BE RECEIVED** for information.
2. That a copy of this statement **BE FORWARDED** to the Minister of Municipal Affairs and Housing in compliance with Section 43(3) of the *Development Charges Act, 1997*.

BACKGROUND

The *Development Charges Act, 1997* requires that an annual statement be provided to Council and a copy of the statement to the Minister of Municipal Affairs and Housing which includes the transactions in the reserve funds created 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, statements of the opening and closing balances of the reserve funds and of the transactions relating to the funds and such other information as is prescribed in the regulations. 1997, c. 27, s. 43 (2).

Copy to Minister

(3) The treasurer shall give a copy of a statement to the Minister of Municipal Affairs and Housing within 60 days after giving the statement to the council. 1997, c. 27, s. 43 (3).”

The attached statements meet this requirement.

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 and exemptions to DC collection by City policy or statute).

- The amount of the 2011 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 of certain projects (both issued and un-issued debt) as well as any inter-fund loans and interest thereon, for each City Services Reserve Fund. These debts represent 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 2011 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 2011 and the type of work; roads, sanitary sewer, storm sewer, and/or storm water management facility/pond.

In addition to draws made during 2011, there was approximately \$39.5 million of work completed at year end (\$49.3 million at the end of 2010) which will be paid from future revenues of this fund. In accordance with Council policy, 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 forwarded to the Ministry of Municipal Affairs and Housing.

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

Attach.

- c. M. Turner, Deputy City Treasurer
P. Christiaans, Director, Development Finance