



MANAGEMENT REPORT

Date: September 23, 2024
To: Finance and Labour Relations Committee
From: Karmen Krueger, CPA, CA, Director of Corporate Services
Report Number: FIN24-029
Attachments: 1) 2023 Treasurer's Statement of Development Charge Reserve Fund;
2) Development Charge Reserve Funds Activity by Fund;
3) Parkland Reserve Fund Activity

Title: Treasurer's Statement for Development Charges and Parkland Reserve Funds 2023

Objective: To provide Committee and Council with legislatively required reports under the Development Charges Act, 1997 and the Planning Act, as amended with Bill 108, 138 and 197 showing the funds received and outlaid in the year.

Background: In accordance with the Development Charges Act, 1997 (DCA), Planning Act, and the City's Development Charges By-law 41-2022, the Treasurer is required to provide Council with an annual Treasurer's Statement on the Development Charges and the City's Parkland Dedication reserve funds.

Development Charges

Development Charges Reserve Fund Statement Section 12 of O.Reg. 82/98 prescribes the information that must be included in the Treasurer's Statement. The collection of these charges and ultimate spending of the funds is captured in the Development Charges Background Study, the most recent of which was adopted in April 2022.

The information is in addition to the opening and closing balance for the previous year and the transactions relating to that year. For each reserve fund, the following information is provided:

1. A description of the service for which the fund was established. If the fund was established for a service category, the service is the category.
2. For the credits in relation to the service or service category for which the fund was established,

- i. the amount outstanding at the beginning of the previous year, given in the year, used in the year and outstanding at the end of the year,
 - ii. the amount outstanding at the beginning of the previous year and outstanding at the end of the year, broken down by individual credit holder.
3. The amount of any money borrowed from the fund by the municipality during the previous year and the purpose for which it was borrowed.
4. The amount of interest accrued during the previous year on money borrowed from the fund by the municipality.
5. The amount and source of any money used by the municipality to repay, in the previous year, money borrowed from the fund or interest on such money.
6. A schedule that identifies credits recognized under section 17 and, for each credit recognized, sets out the value of the credit, the service against which the credit is applied, and the source of funds used to finance the credit.

The following is also prescribed as information to be included in the Statement of the Treasurer:

1. For each project that is financed, in whole or in part, by development charges,
 - i. the amount of money from each reserve fund established under section 33 of the Act that is spent on the project, and
 - ii. the amount and source of any other money that is spent on the project.
2. For each service for which a development charge is collected during the year,
 - i. whether, as of the end of the year, the municipality expects to incur the amount of capital costs that were estimated, in the relevant development charge background study, to be incurred during the term of the applicable development charge by-law, and
 - ii. if the answer to subparagraph i is no, the amount the municipality now expects to incur and a statement as to why this amount is expected.
3. For any service for which a development charge was collected during the year but in respect of which no money from a reserve fund was spent during the year, a statement as to why there was no spending during the year. As per item (2) the City expects to incur the amount of capital costs that were estimated in the development charge background study during the term of the development charge by-law. Further, spending occurred from each reserve fund in which development charges were collected as per item (3). The Treasurers' Statement to be completed as part of the above requirements are included as Attachments 1 and 2 to this report.

Parkland Dedication

Park Dedication Reserve Fund Statement Section 42 of the Planning Act and Section 7 of O.Reg. 509/20 prescribes the information that must be provided to Council with the annual Treasurer's statement on the City's Cash in Lieu of Park Land, known as the Parkland Dedication Reserve Fund. For this reserve fund:

1. All money received by the municipality and all money received on the sale of land less any amount spent by the municipality out of its general funds in respect of the land, shall be paid into a special account and spent only for the acquisition of land to be used for park or other public recreational purposes, including the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes.
2. The money in the special account may be invested in securities in which the municipality is permitted to invest, and the earnings derived from the investment of the money shall be paid into the special account.
3. The Treasurer of the municipality shall each year, on or before the date specified by the council, give Council a financial statement relating to the special account.
4. The statement shall include, for the preceding year:
 - a) statements of the opening and closing balances of the special account and of the transactions relating to the account.
 - b) statements identifying,
 - i. any land or machinery acquired during the year with funds from the special account,
 - ii. any building erected, improved or repaired during the year with funds from the special account,
 - iii. details of the amounts spent, and
 - iv. for each asset mentioned in subclauses (i) and (ii), the manner in which any capital cost not funded from the special account was or will be funded.
5. The amount of money borrowed from the special account and the purpose for which it was borrowed.

6. The amount of interest accrued on any money borrowed from the special account.
7. The Treasurer shall give a copy of the statement to the Minister on request.
8. The Council shall ensure that the statement is made available to the public.
9. The report shall explain how land conveyed to the municipality and funds from the special account spent during the preceding year contributed to addressing the need for parkland in the municipality that was set out in the parks plan.

Per item (9) land conveyed to the City and funds collected under park dedication are pivotal to addressing the City's parkland needs to strengthen the community's wellbeing. The City annually uses these funds to address land acquisition, new park and park related infrastructure and manage existing park needs as per the City's parks plan. The Treasurer's Statement is included as Attachment 3 to this report.

Similarly, Section 42 of the Planning Act allows municipalities to accept cash-in-lieu of parkland equal to the value of the land that would otherwise be conveyed. Annual reporting on the revenues earned and expended in the year is required.

Both sources represent fundamental funding tools for the City.

Once these reports are reviewed by Council, they must be made available for the public, and are forwarded to the Ministry of Municipal Affairs & Housing upon request.

Analysis:

Development Charges

In 2023, the City collected \$1,864,755 in development charges (2022, \$1,556,868) from developers and contributed from the City's taxpayers to keep the funds whole of \$352,133. The funds earned a total of \$436,036 in interest (2022, \$611,284). There was a prior year adjustment required of \$278,990 due to an incorrect year-end accrual in 2021.

Eligible projects outlined in the Development Charges Background Study (2022) were funded in part with development charges, which resulted in a year-end balance of \$17,274,800 as outlined in the report attached.

The specific projects supported by development charges included Growth Studies including beginning the updated Official Plan Review, Transportation Master Plan and Sanitary Master Plan. Library collection materials were purchased, and sidewalk and road capital projects outlined in the DC background study. Activity in the water DC reserve funds included upsizing watermains relating to the Countryside Phase 4 development.

Debt repayment towards the Quinlan pumping station and recreation centres respectively, completed in previous years is also reflected.

Parkland Dedication

Also in 2023, the City collected \$26,500 in parkland dedication fees (2022, \$358,558.66). The funds earned a total of \$32,702.40 (2022, \$35,642.38) in interest.

In 2023, there were no projects specifically funded from Parkland Dedication funds.

The fund balances for Development Charges, Parkland Dedication and all other Reserve Funds recorded in the City's records are substantially supported by cash held in reserve fund bank accounts and reserve fund investment accounts.

Planned utilization of Development Charges funds and Parkland Dedication funds are included in the 10-year capital plans as applicable and as allowed within the legislation.

Financial Implications:

Financial impact to current and future year operating budgets:

There is no direct financial impact from these reports, as they are prepared retrospectively to report on historical transactions to meet the City's legislated reporting requirements.

Alignment with Strategic Priorities:

Strengthening our Plans, Strategies and Partnerships

Partnering with the community to make plans for our collective priorities in arts, culture, heritage and more. Communicating clearly with the public around our plans and activities.

Alignment with One Planet Principles:

Not applicable: There is no alignment with One Planet Principles, as they are prepared retrospectively to report on historical transactions to meet the City's legislated reporting requirements.

Staff Recommendation: THAT the 2023 Treasurer's Statement for City of Stratford Development Charges Reserve Funds be received for information;

AND THAT the 2023 Treasurer's Statement for City of Stratford Parkland Dedication Reserve Fund be received for information.

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