

To: Mayor McKenzie & Members of Council
From: Moniek Geene, Deputy Treasurer
Subject: 2023 Treasurer's Statement of Development Charges Reserve Funds and Parkland Dedication Reserve Fund Report
Date: May 6, 2024

Recommendation:

That the Council for the Municipality of West Perth receives the 2023 Treasurer's Statement of Development Charges Reserve Funds and Parkland Dedication Reserve Fund Report;

That the 2023 Treasurer's Statement of Development Charges Reserve Funds be made publicly available on the Municipality's website and upon request; and

That Council approve the transfer of \$159,034.86 at December 31, 2023 from the Development Charges Reserve to the following reserves:

- Reserve for Transportation Bridges and Culverts \$54,042.58
- Wastewater Reserve Fund (for Stormwater) \$37,454.12
- Reserve for Fire Department \$10,963.64
- Water Reserve Fund \$56,574.52

Purpose:

The purpose of this report is to provide Council with the 2023 Treasurer's Statement of Development Charges Reserve Funds and Parkland Dedication Reserve Fund Report as required under the *Development Charges Act* and West Perth's Development Charges By-Law 63-2019.

Background:

Development Charges Reserve

The Development Charges Act (DC Act) requires that the Treasurer annually provides Council with a report summarizing transactions for the year in the Development Charges Reserve. See Appendix 1 for the 2023 Treasurer's Statement of Development Charges Reserve Funds (Treasurer's Statement).

Section 12 of O. Reg. 82/98 prescribes the information that must be included in the Treasurer's Statement. The information is in addition to the opening and closing balance for the previous year and the transactions relating to the current year.

Development Charges (DC) collected in accordance with By-Law 69-2019 plus any annual indexing are deposited into the DC Reserve Fund, which is broken down into the

following separate services: Services Related to a Highway (Transportation), Stormwater Drainage and Control Services, Fire Protection Services, Parks and Recreation Services, Growth Studies, Water Services, and Wastewater Services. DC reserve funds are used to fund the eligible growth-related costs of specified projects once the costs have been incurred.

The DC Act states that if a development charge is phased-in, "the rules for determining development charges may not provide for any resulting shortfall to be made up through higher development charges for other development". For example, the Mitchell Area DC rate for 2023 was set at \$3,431.43 per Capita (non-indexed amount), whereas the full (non-indexed) charge of the Mitchell Area DC rate as per the 2019 DC Study is \$3,624.08. This means the 2023 "phased-in" DC rate was decreased to 95% of the full rate. The discounted portion (5%) was not collected through DCs and must be funded through other sources. The 2023 Treasurer's Statement incorporates the total DC shortfall resulting from the 2023 phased-in DC rate.

Parkland Reserve

Cash in lieu of Parkland are funds provided to the Municipality instead of conveying parkland for public recreational purposes.

Section 42 of the *Planning Act* and Section 7 of O. Reg. 509/20 prescribes the information that must be provided to Council on the Municipality's Cash in Lieu of Parkland, known as the Parkland Obligatory Deferred Revenue Reserve Fund.

PSAB Requirements

Public Sector Accounting Board (PSAB) reporting requirements must be followed by the Municipality on its financial statements and requires Obligatory Deferred Revenue Reserve Funds to be shown as deferred revenue. Following PSAB reporting, development charges and cash in lieu of parkland fees shall only be recognized as revenue when the eligible expenses of DC and parkland projects have been incurred.

Analysis:

Development Charges

The 2023 Treasurer's Statement of Development Charges Reserve Funds can be found in Appendix 1. In summary, the 2023 activity is as follows:

Opening Balance, January 1, 2023	\$ 352,547.96
Plus:	
DC Collections	276,408.66
Net Funds due to 2023 Phase-In	15,386.56
Interest Income Earned	25,221.91
Less:	
Repayment of Outstanding Commitments for Prior Year Projects	(159,034.86)
Projects Funded in Current Year	(14,377.71)
Closing Balance, December 31, 2023	\$ 496,152.52

As indicated in Appendix 2, the DC recoverable costs of some projects were cash-flowed by other reserves in prior years as the DC service accounts did not have enough to fund the entire DC eligible costs. As a result, DC balances in Services Related to a Highway (Transportation), Stormwater Drainage and Control Services, Fire Protection Services, and Water Services are zero and show a total outstanding commitment to reserves of \$2,745,777.13 as at December 31, 2023 (summarized on Appendix 1). For service categories with outstanding commitments, future development charges collected must first be used to repay the outstanding balances owing to other reserves. These outstanding balances will be incorporated in the calculations of the 2024 DC Background Study.

Project costs funded in the current year were the Roads Needs Study and Development Charge Background Study.

The closing balance of \$496,152.52 is made up of funds from Parks and Recreation Services of \$345,451.29, Growth Studies of \$30,639.47, and Wastewater Services of \$120,061.75.

Parkland Reserve

The Parkland Reserve Fund activity can be found in Appendix 3 of the report. Parkland fee is \$500 per lot creation. In 2023, \$12,926.36 of the parkland reserve funds were used to fund the Accessible Pathway project. The 2023 activity is summarized below:

Opening Balance, January 1, 2023	\$ 327,386.54
Plus:	
Contributions Lot Creations (Parkland fees)	13,000.00
Interest Income Earned	17,921.06
Less:	
Projects Funded in Current Year - Accessible Pathway	(12,926.36)
Closing Balance, December 31, 2023	\$ 345,381.24

Financial:

Development charges and Cash in lieu of Parkland are an important component of the Municipality's long term financial plan. As outlined in the Act, the funds collected through DCs and Cash in lieu of Parkland may only be used to finance growth and parkland related projects.

Attachments:

- 2023 Appendix 1 Treasurer's Statement
- 2023 Appendix 2 Treasurer's Statement
- 2023 Appendix 3 Treasurer's Report

Appendix 1
Municipality of West Perth
2023 Treasurer's Statement of Development Charges Reserve Funds

Description	Services to which the Development Charge Relates							Total
	18.678%	12.950%	3.422%	5.311%	2.392%	19.561%	37.686%	
	0.850%	0.000%	41.430%	39.800%	17.920%	0.000%	0.000%	
	Services Related to a Highway (Transportation)	Stormwater Drainage and Control Services	Fire Protection Services	Parks and Recreation Services	Growth Studies (Administration)	Water Services	Wastewater Services	
Opening Balance, January 1, 2023	0.00	(0.00)	0.00	307,096.03	35,124.82	(0.00)	10,327.10	352,547.96
Plus:								
Development Charge Collections - Mitchell Area	51,146.80	35,461.56	9,370.62	14,543.35	6,550.12	53,564.76	103,197.25	273,834.46
Development Charge Collections - Rural Area	21.88	-	1,066.49	1,024.53	461.30	-	-	2,574.20
Accrued Interest	0.00	0.00	0.00	21,970.20	2,512.89	0.00	738.82	25,221.91
Transfer for 2023 Shortfall of DC charges collected due to Phased-in Charges	2,873.90	1,992.56	526.53	817.18	368.05	3,009.76	5,798.58	15,386.56
Amounts Loaned from Other D.C. Service Category for Interim Financing								-
Repayment of Monies Borrowed from Fund and Associated Interest								-
Sub-Total	54,042.58	37,454.12	10,963.64	38,355.26	9,892.36	56,574.52	109,734.65	317,017.13
Less:								
Amount Transferred for repayment of outstanding commitments (Current Yr D.C. Draw)	(54,042.58)	(37,454.12)	(10,963.64)	0.00	0.00	(56,574.52)	0.00	(159,034.86)
Amount Transferred to Capital (or Other) Funds ¹ (Current Yr D.C. Draw)					(14,377.71)			(14,377.71)
Amounts Refunded								0.00
Amounts Loaned to Other D.C. Service Category for Interim Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Credits (none)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	(54,042.58)	(37,454.12)	(10,963.64)	0.00	(14,377.71)	(56,574.52)	0.00	(173,412.57)
Closing Balance, December 31, 2023	0.01	0.00	0.00	345,451.29	30,639.47	(0.00)	120,061.75	\$ 496,152.52
December 31, 2023 Outstanding Commitments to Reserves	(633,419.36)	(146,327.46)	(936,570.85)	0.00	0.00	(1,029,459.46)	0.00	(2,745,777.13)
Adjusted December 31, 2023 Balance	(633,419.35)	(146,327.46)	(936,570.85)	345,451.29	30,639.47	(1,029,459.46)	120,061.75	\$ (2,249,624.61)

Note ²

Note ³

Note ²

¹ See Appendix 2 for details

² No money was spent in these service categories as there were no eligible Parks & Recreation DC projects or eligible Wastewater DC projects incurred in 2023. Balance is accumulating to support significant future projects.

³ Includes costs for the 2024 DC Background Study and Roads Needs Study. More expenses to be incurred in 2024.

The Municipality 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.

**Appendix 2
Municipality of West Perth
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions**

Capital Fund Transactions	Year of Capital Expenditure	Gross Capital Cost	D.C. Recoverable Cost Share							Non-D.C. Recoverable Cost Share						
			D.C. Forecast Period				Period			Other Reserve/Reserve Fund Draws	Debt Financing	Grants, Subsidies Other Contributions				
			Prior Year D.C. Draws	Reallocation of Prior Year D.C. Draws	Current Year D.C. Reserve Fund Draw	D.C. Debt Financing	Repayment of Borrowed Funds for D.C. Cash Flow Funding	O/S Cash Flow Funding Source	Grants, Subsidies Other Contributions				Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions		
Growth Studies (Administration)																
Roads Needs Study	2023	28,039.92			2,124.75											
Development Charge Background Study	2023	12,252.96	-	0.00	12,252.96											
Parks and Recreation Master Plan	Not yet started - being completed in 2024															
Sub-Total - Growth Studies (Administration)		40,292.88	-	-	14,377.71	-	-	-	-	-	-	-	-	-	-	-
Services Related to a Highway (Transportation)																
Henry St. Bridge	2018-2020	3,461,713.45	610,680.60					54,042.58	633,419.36	1				263,570.91	1,900,000.00	
Sub-Total - Services Related to Highways		3,461,713.45	610,680.60	-	-	-	-	54,042.58	633,419.36	-	-	-	-	263,570.91	1,900,000.00	-
Stormwater Drainage and Control Services																
Storm Sewer Henry St. St. Andrew St to Arthur	2019, 2020	555,308.94	93,872.89					37,454.12	146,327.46	3				277,654.47		
Sub-Total - Stormwater Drainage&Control Services		555,308.94	93,872.89	-	-	-	-	37,454.12	146,327.46	-	-	-	-	277,654.47	-	-
Fire Protection Services																
Firehall Expansion (new Firehall)	2020, 2021	2,741,936.44	45,507.53					10,963.64	530,988.71	4				34,476.56	2,120,000.00	
Tanker Truck - Tanker 93 (Citywide asset 4152)	2019	480,581.95	6,276.59						405,582.14					68,723.22		
Sub-Total - Fire Protection Services		3,222,518.39	51,784.12	-	-	-	-	10,963.64	936,570.85	-	-	-	-	103,199.78	2,120,000.00	-
Parks and Recreation Services																
Sub-Total - Parks & Recreation Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Services																
Elevated Water Storage Tank (Water Tower)	2016	2,356,050.00	142,664.99					56,574.52	875,656.47	6				1,281,154.02		
Trunk Watermain Napier St. Campbell Dr to Park Lane	2000	170,000.00	14,294.06	1,902.95					153,802.99							
Sub-Total - Water Services		2,526,050.00	156,959.05	1,902.95	-	-	-	56,574.52	1,029,459.46	-	-	-	-	1,281,154.02	-	-
Wastewater Services																
Sub-Total - Wastewater Services		-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	-

total CY D.C. **\$ 14,377.71** Draws **\$ 159,034.86** Borrowing Repayments

Funding as per the D.C. Study						
Benefit to Existing %	Benefit to Existing \$	Growth \$	Residential Share % of Growth	Non-Res % of Growth (not imposed)	Residential Share \$ of Growth	Non-Residential Share \$ of Growth (not imposed)
91.33%	25,608.86	2,431.06	87.40%	12.60%	2,124.75	306.31
0.00%	-	12,252.96	100.00%		12,252.96	-
95.73%	-	-	85.70%	14.30%	-	-
	\$25,609	\$14,684			\$14,378	\$306
(0)	50.00%	1,730,856.73	1,730,856.73	75.00%	25.00%	1,298,142.54
(0)	\$1,730,857	\$1,730,857			\$1,298,143	\$432,714
	50%	277,654.47	277,654.47	100%	0%	277,654.47
	\$277,654	\$277,654			\$277,654	\$0
	75.00%	2,056,452.33	685,484.11	85.70%	14.30%	587,459.88
0	0.00%	-	480,581.95	85.70%	14.30%	411,858.73
0	\$2,056,452	\$1,166,066			\$999,319	\$166,747
	-	-			-	-
	\$0	\$0			\$0	\$0
(0)	47.80%	1,126,191.90	1,229,858.10	87.40%	12.60%	1,074,895.98
(0)	0.00%	-	170,000.00	100.00%	0.00%	170,000.00
	\$1,126,192	\$1,399,858			\$1,244,896	\$154,962
	\$0.00	\$0.00			\$0.00	\$0.00

¹ Cash Flowed from the Reserve for Transportation Bridges/ Culverts. Gross capital cost from amounts capitalized in Citywide - extracted for backup. Excludes lights.

³ Cash Flowed from the Wastewater Reserve Fund. Gross capital cost \$555,308.94 from amounts capitalized in Citywide - extracted for backup.

⁴ Per Bill Hunter Apr 14/22, the old Firehall had 4 bays + 2 bays (one for old pickup truck and one for museum), for total of 6 bays. The new Firehall has 8 bays. The total estimated costs in the 2019 D.C. Study of \$1,600,000 is for the expansion of 2 bays for a total of 8 bays. Actual costs incurred were for construction of an entirely new Firehall with 8 bays. As such, 75% (6/8 bays) of the Firehall costs have been applied to the existing population, and remaining 25% (2/8 bays) to future population growth. Gross capital cost from amounts capitalized in Citywide - extracted for backup. Eligible DC portion cash flowed from the Fire Department Reserve.

⁶ Cash Flowed from the Water Reserve Fund. Gross capital cost of \$2,356,050 as noted in 2019 DC Study as actuals. Construction completed in 2016.

Appendix 2
Municipality of West Perth
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions

Capital Project	D.C. Borrowed Funds						Adjust for Undercollected D.C. from Phased In Amts 2004-2022	Dec. 31, 2023 Borrowing Balance (total D.C.s to be Collected for Project)
	Jan. 1, 2023 Borrowing Balance	D.C. Expenses Cash Flowed in Current Year	Source - Committed Reserve to Repay	Accrued Interest	Repayment in Current Year from Collected D.C.s			
Services Related to a Highway (Transportation)								
Henry St. Bridge	687,461.94		Bridge Reserve 01-1000-0934 ** Trsfr fund repayment to this reserve to reimburse for PYS costs	-	(54,042.58)			633,419.36
Sub-Total - Services Related to a Highway (Transportation)	687,461.94	0.00		-	(54,042.58)	0.00		633,419.36
Stormwater Drainage and Control Services								
Southwest Area Storm Drainage	-			-	0.00			0.00
Storm Sewer Henry St: St. Andrew St to Arthur	183,781.58		Wastewater Reserve Fund 01-9102-0710 ** Trsfr fund repayment to this reserve to reimburse for PYS costs		(37,454.12)			146,327.46
Sub-Total - Stormwater Drainage and Control Services	183,781.58	0.00		-	(37,454.12)	0.00		146,327.46
Fire Protection Services								
Firehall Expansion (New Firehall)	541,952.35		Fire Dept Reserve 01-1000-0920 ** Trsfr fund repayment to this reserve to reimburse for PYS costs		(10,963.64)			530,988.71
Tanker Truck - Tanker 93 (Citywide asset 4152)	405,582.14		Fire Dept Reserve 01-1000-0920 ** Trsfr fund repayment to this reserve to reimburse for PYS costs					405,582.14
Sub-Total - Fire Protection Services	947,534.49	0.00		-	(10,963.64)	0.00		936,570.85
Parks and Recreation Services								
Sub-Total - Parks & Recreation Services	-	0.00		-	0.00	0.00		0.00
Growth Studies (Administration)								
Sub-Total - Parks & Recreation Services	-	0.00		-	0.00	0.00		0.00
Water Services								
Elevated Water Storage Tank (Water Tower)	932,230.99		water reserve 01-9104-0710 ** Trsfr fund repayment to this reserve to reimburse for PYS costs	-	(56,574.52)			875,656.47
Trunk Watermain Napier St: Campbell Dr to Park Lane	153,802.99		water reserve 01-9104-0710 ** Trsfr fund repayment to this reserve to reimburse for PYS costs	-	0.00			153,802.99
	-							0.00
Sub-Total - Water Services	1,086,033.98	0.00		-	(56,574.52)	0.00		1,029,459.46
Wastewater Services								
Wastewater Treatment Plant - New watermain & driveway	-			-	0.00			0.00
Trunk Sewer - St. Andrew St: Rowland to Frances	-			-	0.00			0.00
Sub-Total - Wastewater Services	-	0.00		-	0.00	0.00		0.00

TOTALS \$ 159,034.86 0.00 \$ 2,745,777.13

Appendix 3

The Municipality of West Perth

Parkland Obligatory Deferred Revenue Reserve Fund

For the Year Ending December 31, 2023

Opening Balance, January 1, 2023	\$ 327,386.54
Plus:	
Contributions Lot Creations (Parkland fees)	13,000.00
Interest Income Earned	17,921.06
Less:	
Projects Funded in Current Year - Accessible Pathway	<u>(12,926.36)</u>
Closing Balance, December 31, 2023	\$ 345,381.24