



SPECIAL COMMITTEE OF THE WHOLE AGENDA

Wednesday, June 9, 2021

To Follow Council Meeting

(Electronic Meeting pursuant to Section 238(3.1) (3.3) of the *Municipal Act, 2001*)

As the Municipal Centre is now closed to the public due to the COVID-19 pandemic, this is an electronic meeting held remotely and live streamed via <https://king.ca/meetings>

Public Participation:

- 1) **VIEW THE MEETING** live virtually at <https://king.ca/meetings>. **NO** pre-registration required.
- 2) **SUBMIT WRITTEN COMMENTS** to the Township Clerk at clerks@king.ca **by 12:00 p.m. (noon) on the day of the meeting**. Comments will form part of the public record and will be circulated to Council.
- 3) **SPEAK TO COUNCIL** remotely (by audio-telephone) by pre-registering with the Clerks' Division at 905-833-4068 or email clerks@king.ca **by 12:00 p.m. (noon) on the day of the meeting**. Provide your full name, address, telephone number and the item you wish to speak to. All comments addressed to Council will form part of the public record. Upon receipt of your registration, you will receive a confirmation email with instructions for participating by telephone.

Chair: Mayor Pellegrini

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1. INTRODUCTION OF ADDENDUM REPORTS

*Any additional items not listed on the agenda would be identified for approval.
Motion to add the items to the Agenda.*

2. APPROVAL OF AGENDA

Motion to approve the agenda, if any Addendum Items - as amended.

3. DECLARATIONS OF PECUNIARY INTEREST

4. DETERMINATION OF COMMITTEE ITEMS REQUIRING SEPARATE DISCUSSION

*Committee Chair will ask each Council Member if he/she wishes to separate any item(s) for discussion.
Committee Chair will then ask if there are any persons present who wish to speak to any item(s) on the Agenda.*

5. APPROVAL OF COMMITTEE ITEMS NOT REQUIRING SEPARATE DISCUSSION

Motion to approve those items which were not requested to be separated. All of these are adopted with one Motion.

6. CONSIDERATION OF ITEMS REQUIRING SEPARATE DISCUSSION

Chair will direct Committee to the first item on the agenda list which has circled initials beside it. Members of the Public, then Council Members who requested to speak to the item will be invited to speak, and then the floor is open to discussion by Committee or Council.

7. AGENDA ITEMS

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7.1 JC DB JS BC DS AE SP

**Finance Department Report Number FR-2021-15
Re: 2020 Year End Operating Budget Variance**

a)The remaining 2020 operating surplus of \$222,937 is transferred to the Safe Restart Funding Reserve Fund; and

That the following reflects the results of the 2020 Year-End:

2020 Year-end (Deficit) \$ (351,463)
Add: Safe Restart Phase
1 funding \$ 574,400
2020 Adjusted Year-end \$ 222,937
Surplus

b)That all remaining Safe Restart Funding received be directed to COVID Relief Programs and to cover any shortfalls for future Year End Variance .
[FR-2021-15 - 2020 Year End Variance Report](#)

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7.2 JC DB JS BC DS AE SP

**Finance Department Report Number FR-2021-16
Re: 2020 Consolidated Audited Financial Statements**

(a)That report FR-2021-16 for the 2020 Consolidated Audited Financial Statements be received.

[FR-2021-16 - 2020 Consolidated Audited Financial Statements](#)
[FR 2021-16 - Appendix A - 2020 Financial Report \(MD&A\)](#)

[FR-2021-16 - Appendix B - 2020 Draft Audited Financial Statements](#)

65 - 67 7.3 JC DB JS BC DS AE SP

**Finance Department Report Number FR-2021-17
Re: 2020 Lease Financing Agreement Summary**

a) That Finance Report FR-2021-17 be received for information purposes.

[FR-2021-17 - 2020 Lease Financing Agreement Summary](#)

68 - 75 7.4 JC DB JS BC DS AE SP

**Finance Department Report Number FR-2021-18
Re: 2020 Statement of Development Charge Reserve Funds and Cash in Lieu of Parkland Reserve Funds as of December 31, 2020**

a) That Finance Report FR-2021-18 be received for information purposes; and

b) That the 2020 Statement of Development Charge Reserve Funds be made publicly available as required by Section 43(2.1) of the *Development Charges Act, 1997* by means of posting on the Township of King's website, and available in printed copy upon request to the Township; and

c) That the Statement of the Cash in Lieu of Parkland Reserve Funds be made publicly available as per the Subsection 42 of the *Planning Act, 2015*.

d) That staff provide the 2020 Statement of Development Charge Reserve Funds to the Minister of Municipal Affairs and Housing as required by Section 43(3) of the *Development Charges Act, 1997*.

[FR-2021-18 - 2020 Annual DC Reserve Funds Statement](#)

[FR-2021-18 - Appendix A - 2020 Annual DC Reserve Funds](#)

[FR-2021-18 - Appendix B - 2020 Annual DC Reserve Funds](#)

[FR-2021-18 - Appendix C - 2020 Annual DC Reserve Funds](#)

76 - 85 7.5 JC DB JS BC DS AE SP

**Finance Department Report Number FR-2021-20
Re: Q1 Capital Status Update and Closed Capital**

a) That the 15 capital projects listed on Appendix A be closed and the unaudited net capital project surplus of \$13,936 be transferred back to/(from) the original sources of funding.

b) If any additional costs or technical adjustments are required, the Treasurer be authorized to re-open the capital project(s) to adjust within budget.

c) That a new capital project be established in the amount of \$50,000 to purchase a Gradall to be funded by the Public Works 2021 Operating Budget.

[FR-2021-20 - 2021 Q1 Capital Status Update and Closed Capital](#)

[FR-2021-20 - 2021 Q1 Capital Status Update and Closed Capital - Appendix A](#)

[FR-2021-20 - 2021 Q1 Capital Status Update and Closed Capital - Appendix B](#)

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7.6 JC DB JS BC DS AE SP

Finance Department Report Number FR-2021-22

Re: 2021 Year End Projections and Update on COVID Funding

a) That available Safe Restart Funding be directed to offset costs incurred for COVID Relief Programs and revenue shortfalls for 2021 Year End Variance.

[FR-2021-22 - 2021 Year End Projections and Update on COVID Funding](#)

8. ADJOURNMENT

9. NOTICES

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9.1 Notices
[Notices](#)



THE CORPORATION OF THE TOWNSHIP OF KING
 REPORT TO COMMITTEE OF THE WHOLE

Wednesday, June 9th, 2021

Finance Department
 Report # FR-2021-15

RE: 2020 Year End Operating Budget Variance

1. **RECOMMENDATIONS:**

The Director of Finance and Treasurer respectfully submits the following recommendation:

- a) The remaining 2020 operating surplus of \$222,937 is transferred to the Safe Restart Funding Reserve Fund; and

That the following reflects the results of the 2020 Year-End:

2020 Year-end (Deficit)	\$ (351,463)
Add: Safe Restart Phase 1 funding	<u>574,400</u>
2020 Adjusted Year-end Surplus	\$ 222,937

- b) That all remaining Safe Restart Funding received be directed to COVID Relief Programs and to cover any shortfalls for future Year End Variance

2. **REPORT HIGHLIGHTS:**

- On January 27, 2020, Council approved the Township of King's 2020 budget which included a gross operating budget of \$54,290,283.
- By March 15, 2021 each department had performed a review of their 2020 year-end actuals to budget operating variances and provided Finance with explanations for each general ledger account having an operating variance (+/-) \$20,000 and 20%.
- The Township of King ended the 2020 year-end with a deficit of \$351,463. After accounting for Safe Restart Phase 1 funding from the Ontario Government of \$574,400, the adjusted year-end surplus is \$222,937. This surplus is comprised of:
 - \$3,092,438 favourable variance in overall revenues; and
 - \$2,869,501 unfavourable variance in overall expenditures and transfers to Reserve Funds.
- Since the surplus is entirely attributable to the Safe Restart funding received, staff recommend that the surplus is transferred to the Safe Restart Funding Reserve Fund.
- Directly-related COVID-19 expenses incurred in 2020 total \$324,957.

3. **PURPOSE:**

The purpose of this report is to provide an overview of the 2020 year-end actual results as compared to the 2020 operating budget. Staff within each department is responsible for the delivery of programs and services while managing their budgets within the Council-approved 2020 operating budget. While accountability for financial performance (e.g. actual revenues and expenditures) belongs with the

Senior Leadership Team, both Finance and department staff share the responsibility of monitoring operating budget variances throughout the year.

4. ANALYSIS:

Based on year end results, the Township has a 2020 operating surplus of \$222,937. There is a favourable variance in revenues of \$3,092,438 offset by an unfavourable variance in expenses of \$2,869,501. It is important to note a transfer to reserves is considered an expense which will be referenced as unfavourable. A transfer from the reserve is considered a revenue which will be referenced as favourable.

The table below provides an overview of the year end \$222,937 favourable budget variance by department, split by revenue and expenses (expenses include transfers to Reserve Funds):

SUMMARY OF 2020 YEAR-END OPERATING BUDGET VARIANCE BY DEPARTMENT

Department		2020 Budget	2020 Actuals	Variance Favourable / (Unfavourable)	Variance %
Office of the CAO	Revenue	-	-	-	-
	Expense	2,096,315	2,053,788	42,527	2.0%
	Net Budget	2,096,315	2,053,788	42,527	2.0%
Community Services	Revenue	(2,748,610)	(879,242)	(1,869,368)	68.0%
	Expense	8,852,450	6,951,857	1,900,593	21.5%
	Net Budget	6,103,840	6,072,615	31,225	0.5%
Corporate Services	Revenue	(52,740)	(69,467)	16,727	-31.7%
	Expense	1,822,595	1,693,717	128,878	7.1%
	Net Budget	1,769,855	1,624,250	145,605	8.2%
Corporate Accounts	Revenue	(37,536,880)	(37,054,505)	(482,375)	1.29%
	Expense	11,614,828	12,450,322	(835,494)	-7.2%
Finance & Other Services Pre-Transfer	Sub-Total	(25,922,052)	(24,604,183)	(1,317,869)	5.1%
Transfer from Infrastructure Rehabilitation & Replacement Reserve Fund	Revenue	-	(1,058,464)	1,058,464	
Transfer from Tax Rate Stabilization Reserve Fund	Revenue	-	(420,000)	420,000	
Transfer from Township Initiatives Reserve Fund	Revenue	-	(252,025)	252,025	
Transfer from DC Reserve Fund – Growth Studies	Revenue	-	(182,571)	182,571	
	Net Budget	(25,922,052)	(26,517,243)	595,191	-2.3%
Finance Services	Revenue	(735,000)	(641,034)	(93,966)	12.8%
	Expense	1,043,577	1,031,693	11,884	1.1%
	Net Budget	308,577	390,659	(82,082)	-26.6%
Fire & Emergency Services	Revenue	(155,000)	(340,374)	185,374	-119.6%
	Expense	2,861,156	2,849,867	11,289	0.4%
	Net Budget	2,706,156	2,509,493	196,663	7.3%
Growth Management Services	Revenue	(2,412,492)	(1,705,974)	(706,518)	5.8%
	Expense	3,950,695	4,202,407	(251,712)	-6.4%
Growth Management Services Pre-Transfer	Sub-Total	1,538,203	2,496,433	(958,230)	
Transfer from Building Permit Fees Reserve Fund	Revenue	-	(533,763)	533,763	
Transfer from Township Initiatives Reserve Fund	Revenue	-	(18,926)	18,926	
Transfer from DC Reserve Fund – Growth Studies	Revenue	-	(14,583)	14,583	
	Net Budget	1,538,203	1,929,162	(390,959)	7.3%
King Township Public Library (KTPL)	Revenue	-	-	-	0%
	Expense	1,819,412	1,819,412	-	0%
	Net Budget	1,819,412	1,819,412	-	0%
Public Works	Revenue	(1,183,084)	(823,152)	(359,932)	30.4%
	Expense	10,762,778	10,718,080	44,698	0.4%
	Net Budget	9,579,694	9,894,928	(315,234)	-3.3%
Water & Wastewater	Revenue	(9,466,477)	(13,388,641)	3,922,164	-41.4%
	Expense	9,466,477	13,388,641	3,922,164	-41.4%
	Net Budget	-	-	-	0%
TOTAL	Revenue	(54,290,283)	(57,382,721)	3,092,438	11.5%
	Expense	54,290,283	57,159,784	(2,869,501)	-8.7%
	Net Budget	-	(222,937)	222,937	

Department Overview

The following comments by department are high level, relevant explanations of the 2020 budget operating variance. Variance review and explanations are performed and provided through the combined efforts of Finance and the department staff.

Office of the CAO**2020 favourable variance of \$42,527**

- \$60,126 favourable variance in salaries and benefits across the department due to salary gapping and delays in hiring in an effort to reduce the overall deficit related to Covid-19.
- \$50,869 favourable variance in contracted services due to project delays related to Covid-19.
- \$6,545 favourable variance in overall department operational savings for budget items like operating supplies, mobile phones, software subscription, training and development, mileage, memberships and other miscellaneous office items.
- \$75,013 unfavourable variance in IT internet, telephone and repairs and maintenance due to the majority of staff working remotely for most of the year.

Community Services**2020 favourable variance of \$31,225**

- \$1,144,629 favourable variance in salaries, wages and benefits across the department due to salary gapping, vacant positions and delays in hiring in an effort to reduce the overall deficit related to Covid-19.
- \$116,568 favourable variance in overall department operational savings for budget items like operating supplies, mobile phones, software subscription, training and development, mileage, memberships and other miscellaneous office items.
- \$967,335 favourable variance in operating cost savings in contracted services, utilities (hydro, water, heating), special events, vehicle expenses and repairs & maintenance due to facility and camp closures and event cancellations related to Covid-19.
- \$1,869,370 unfavourable variance in departmental revenues such as ice rentals, hall rentals, membership fitness fees and program fees as a result of facility closures and program cancellations due to Covid-19.
- \$325,452 unfavourable variance in Transfers to the Township Facilities Reserve Fund attributed to lower than budgeted facility improvements due to Covid-19 closures.
- \$2,042 unfavourable variance in Transfers to the King City Senior Centre Reserve Fund and \$443 unfavourable variance in Transfers to the Curling Lounge Reserve Fund.

Corporate Services**2020 favourable variance of \$145,605**

- \$114,221 favourable variance in salaries, wages and benefits across the department due to salary gapping, vacant positions and delays in hiring in an effort to reduce the overall deficit related to Covid-19.
- \$56,934 favourable variance in overall department operational savings for budget items like operating supplies, mobile phones, software subscription, training and development, mileage, memberships and other miscellaneous office items.
- \$14,995 net favourable variance in Cemetery revenue less transfers to reserves

- mostly due to higher maintenance fees collected and an increase in plots sales.
- \$29,298 unfavourable variance in Human Resources consulting fees related to the joint job evaluation review for unionized staff and compensation review.
- \$11,247 unfavourable variance in Corporate Services Revenues due to lower than anticipated fees collected for marriage licenses, animal licenses and civil ceremonies due to COVID

Corporate Accounts

2020 favourable variance of \$595,191

- \$817,400 favourable variance in Safe Restart Funding received from the Ontario Government to assist the Township with Covid-19 related expenditures; partially offset by a \$243,000 unfavourable variance in Transfers to the Safe Restart Funding Reserve Fund.
- \$791,135 favourable variance in property tax revenues mainly due to an additional supplementary tax run in November from the Municipal Property Assessment Corporation (MPAC) and higher penalties and interest collected on tax arrears due to high tax arrears of over 12% per year of the total taxes levied.
- \$305,437 net favourable variance in consulting fees for studies delayed in an effort to reduce the overall deficit related to Covid-19.
- \$232,750 favourable variance in contributions received for Tribute Maidenstone and Tatton Court; offset by a \$132,750 unfavourable variance in Transfers to the MCFA – Nobleton Sewers Reserve Fund and a \$100,000 unfavourable variance in Transfers to the Roads & Related Infrastructure Reserve Fund.
- \$75,249 net favourable variance in Township Initiative projects that were delayed in an effort to reduce the overall deficit related to Covid-19 with a transfer to the reserve fund for any unspent funds.
- \$34,868 favourable variance in insurance-related expenditures which was transferred to the Insurance Reserve Fund for future claims.
- \$791,610 net unfavourable variance in salaries, wages and benefits due to a contingency amount accrued in 2020; partially offset by premiums refunded from the Workplace Safety and Insurance Board (WSIB) New Experimental Experience Rating Plan (NEER) program which was transferred to the Personnel Matters Contingency Reserve Fund for future claims.
- \$324,957 unfavourable variance in directly related Covid-19 operating expenditures. More information is provided in Table B of this report.
- \$34,463 unfavourable variance in Holland Marsh Canal Project Recoveries due to delaying capital projects to 2021-2022.

Finance Services

2020 unfavourable variance of \$82,082

- \$93,965 unfavourable variance in Finance revenue mostly due to less than expected interest income with the reduction of the high interest rate due to COVID.
- \$11,883 favourable variance in department operational costs such as operating supplies, mobile phones, software subscription, training and development, mileage, memberships and other miscellaneous office items.

Fire & Emergency Services**2020 favourable variance of \$196,663**

- \$162,271 favourable variance in Revenues mainly due to higher than anticipated insurance calls, Ministry of Transportation calls and incident fees received from nearby Municipality agreements.
- \$40,172 favourable variance in overall department operational savings for budget items like operating supplies, mobile phones, software subscription, training and development, mileage, memberships, and other miscellaneous office items.
- \$5,780 unfavourable variance in salaries and benefits as a result of staff overtime for fire investigations/compliance matters after-hours; offset by a favourable variance in salaries and benefits for volunteer firefighters as a result of a lower volume of fire related incidents.

Growth Management Services**2020 unfavourable variance of \$390,959**

- \$157,845 net favourable variance in Zoning and Urban Design Planning Studies and Economic Development programs which were delayed or not undertaken due to Covid-19.
- \$60,388 favourable variance in overall department operational savings for budget items like operating supplies, mobile phones, software subscription, training and development, mileage, memberships, and other miscellaneous office items.
- \$68,151 favourable variance in revenues across the department due to receiving more subdivision application fees than anticipated.
- \$475,179 unfavourable variance in Consulting Fees relating to Local Planning Appeal Tribunal (LPAT) Hearings and litigation matters and accruals for anticipated future legal costs related to appeals for the Official Plan approval.
- \$77,012 unfavourable variance in By-Law Legal fees due to litigation costs related to the prosecution for non-compliance of a property.
- \$42,111 unfavourable variance in Transfers to the Community Initiatives (CIP) Grant Program Reserve Fund for unspent funds.
- \$41,488 unfavourable variance in Economic Development Main Street Revitalization Program expenses as a result of the Patio Program in response to Covid-19 and close out of the Revitalization strategy and Action Plan. Offsetting this variance was a post budget transfer of \$26,000 plus grants of \$5,715 for the Patio Program and \$11,737 for the Revitalization program.
- 41,553 unfavourable variance in salaries and benefits across the department due to retiring allowance payouts for staffing.
- The building division must be fully cost recoverable in accordance with Bill 124; any balance must be either transferred to the reserve or from the reserve to balance the operating budget. There was a \$169,992 favourable variance in Building Permit Revenues as a result of adapting to online building permit application submissions with the onset of Covid-19 and an additional \$165,907 favourable variance in Building division salaries, benefits and budget items like operating supplies, mobile phones, and other minor amounts. In order to offset the costs of the division, there was a transfer of \$553,763 from the Building Permit Fees Reserve Fund to balance the budget to zero.

Public Works**2020 unfavourable variance of \$315,234**

- \$481,317 favourable variance in salaries, wages and benefits across the department due to salary gapping, vacant positions and delays in hiring in an effort to reduce the overall deficit related to Covid-19.
- \$214,379 favourable variance in savings from contracted services for various areas in the department such as less garbage removal at facilities due to Covid-19 closures, less dust suppressant services as a result of more roads converting from gravel to paved and more bridge and culvert work being completed internally by staff vs contracted out.
- \$173,125 favourable variance in interest income on sinking fund debenture payments.
- \$52,870 favourable variance in Resource Productivity and Recovery Authority (RPRA) Funding amounts from the Government of Ontario as a result of an arbitration decision on the 2019 Steward Funding Obligation disputed by Stewardship Ontario.
- \$921,109 unfavourable variance in Engineering Consulting expenses related to the Site Plan and Zoning Peer Review, Transfers from the Development Fees Reserve Fund as well as the cost of an extension of staff in the Development Division of Public Works from R.J. Burnside & Associates assisting with various subdivision developments, waste management and design reviews. Majority of these expenses are offset by developer contributions and engineering fees deposits. Going forward staff will work to do the reviews in-house instead of external consultants to complete this work.
- \$184,321 unfavourable variance in repairs and maintenance of the Garage at the Yard including removal of soot, mould, repainting, pest control, electrical work and heater repairs. As well as repairs to equipment such as graders and trucks across the department.
- \$131,495 unfavourable variance in Transfers to the Winter Control Reserve Fund as a result of less winter call-outs due to a warmer winter in 2020.

Water and Wastewater**2020 variance of \$nil**

- Water and Wastewater must be fully cost recoverable from the established water and wastewater rates, any balance must be either transferred to the reserve or from the reserve to balance the operating budget.
- \$417,193 net favourable variance in Water Consumption and Wastewater Revenues likely due to higher usage, partially offset by an unfavourable variance in Water Supply and Water Treatment costs from the Region.
- \$140,251 favourable variance in salaries, wages and benefits across the department due to salary gapping, vacant positions and delays in hiring in an effort to reduce the overall deficit related to Covid-19.
- \$32,638 favourable variance in overall department operational savings for budget items like operating supplies, mobile phones, software subscription, training and development, mileage, memberships, and other miscellaneous office items.
- \$237,202 favourable variance in savings from contractual services and operating material purchases to reduce the overall deficit related to Covid-19.
- \$827,284 unfavourable variance in transfers to the water and wastewater reserves to balance the budget. In 2020, \$1,095,922 was transferred to the Water Distribution Reserve Fund and \$683,938 to the Wastewater Collection Reserve Fund to balance the budget to zero.

**FINANCIAL CONSIDERATIONS:
Transfers to/from Reserve Funds**

It is important to note a transfer to reserves is considered an expense which will be referenced as unfavourable. A transfer from the reserve is considered a revenue which will be referenced as favourable.

Township Facilities Reserve Fund

There was a net transfer of \$325,452 to the Township Facilities Reserve Fund at the end of 2020 due to less than budgeted improvements needed at the facilities as a result of many Covid-19 facility closures.

Safe Restart Funding Reserve Fund

The Ontario government provided the Township a total of \$817,400 in Safe Restart Funding in 2020 which has been recognized as Provincial grant revenues in the financial statements. This was made up of two phases of funding – in Phase 1, the Township received \$574,400 and in Phase 2, the township received \$243,000. The Phase 2 funding was transferred to the Safe Restart Funding Reserve Fund to support Covid-19 operating costs and pressures in 2021. Any 2020 year-end surplus balance related to Safe Restart Funding should be placed back into the Reserve Fund at the end of the year. Additional reporting requirements are expected by the province related to this funding in June 2021.

Climate Change Initiatives Reserve Fund

There was a net transfer of \$84,500 to the Climate Change Initiatives Reserve Fund at the end of 2020 as a result of unspent consulting expenses related to climate change in an effort to reduce spending and limit the overall deficit related to Covid-19.

Township Initiatives Reserve Fund

There was a net transfer of \$153,327 to the Township Initiatives Reserve Fund at the end of 2020 due to a concerted effort to reduce Township project spending to limit the overall deficit related to Covid-19.

Municipal Capital Facility Agreement (MCFA) – Nobleton Sewers Reserve Fund

There was a net transfer of \$132,750 to the MCFA – Nobleton Sewers Reserve Fund at the end of 2020 due to a contribution received from a developer.

Roads & Related Infrastructure Reserve Fund

There was a transfer of \$883,702 in unspent Road Surface Improvement funds to the Roads and Related Infrastructure Reserve Fund at the end of 2020. Also, a \$100,000 contribution received for the maintenance of the Noise Attenuation wall for Tatton Court was transferred to the Roads & Related Infrastructure Reserve Fund.

Insurance Reserve Fund

There was a net transfer of \$34,868 to the Insurance Reserve Fund at the end of 2020 equal to the budgeted less actual Insurance premiums of \$66,918 less the budgeted less actual Insurance claims cost of \$32,050.

Personnel Matters Contingency Reserve Fund

There was a net transfer of \$128,788 to the Personnel Matters Contingency Reserve Fund at the end of 2020 due to premiums refunded from the Workplace Safety and Insurance Board (WSIB) New Experimental Experience Rating Plan (NEER) program.

CIP Grant Program Reserve Fund

There was a net transfer of \$55,635 to the Community Initiatives Program (CIP) Grant Program Reserve Fund comprised of unspent budget in 2020.

Winter Control Reserve Fund

There was a net transfer of \$131,495 to the Winter Control Reserve Fund at the end of 2020 equal to the surplus of the Winter Maintenance Division of Public Works mainly as a result of less winter call-outs and a relatively warmer winter in 2020.

Water Distribution and Wastewater Collection Reserve Fund

In order to balance the water and wastewater budget to zero, there was a transfer of \$1,095,922 to the Water Distribution Reserve Fund and a transfer of \$683,938 to the Wastewater Collection Reserve Fund.

Building Permit Fees Reserve Fund

There was a net draw of \$531,962 on the Building Permit Fees Reserve Fund at the end of 2020 in order to offset the deficit in the Building Division as this division is self-funded as per Bill 124.

The current balances in the reserve funds before and after the recommended transfers are listed below:

Table 1:

Reserve Fund	Before Transfer	Transfer	After Transfer
Township Facilities Reserve Fund	\$ 325,000	\$ 325,452	\$ 650,452
Safe Restart Funding Reserve Fund	\$ -	\$ 243,000	\$ 465,937*
Climate Change Initiatives Reserve Fund	\$ -	\$ 84,500	\$ 84,500
Township Initiatives Reserve Fund	\$ 1,179,183	\$ 153,327	\$ 1,332,510
Municipal Capital Facility Agreement (MCFA) – Nobleton Sewers Reserve Fund	\$ 3,480,450	\$ 132,750	\$ 3,613,200
Roads & Related Infrastructure Reserve Fund	\$ 2,418,900	\$ 983,702	\$ 3,402,602
Insurance Reserve Fund	\$ 43,934	\$ 34,868	\$ 78,802
Personnel Matters Contingency Reserve Fund	\$ 325,993	\$ 128,788	\$ 454,781
CIP Grant Program Reserve Fund	\$ -	\$ 55,635	\$ 55,635
Winter Control Reserve Fund	\$ 153,769	\$ 131,495	\$ 285,264
Water Distribution Reserve Fund	\$ 849,936	\$ 1,095,922	\$ 1,945,858
Wastewater Collection Reserve Fund	\$ (3,819,974)	\$ 683,938	\$ (3,136,036)
Building Permit Fees Reserve Fund	\$ 1,177,598	\$ (531,962)	\$ 645,636

*This includes the final transfer of \$222,937 with the approval of this report.

COVID-19 Direct Expenditures

The directly related COVID-19 expenditures incurred in 2020 are summarized below:

Table 2:

Information Technology	\$ 117,513	Laptops, staff cellphones and other IT equipment
Personal Protective Equipment	\$ 103,193	Sanitization products and dispensers, face masks, gloves etc.
Signage Communications	\$ 21,403	Closure signage and caution tape for outdoor areas
Website Communications	\$ 14,628	Township Website communication on Covid-19
Legal and Consulting	\$ 15,471	Legal consultations regarding Covid-19 restrictions and CAO authority changes
Remote Work	\$ 12,717	Working from home equipment and supplies
Rentals	\$ 12,447	Leasing for mobile office space, tents and vehicles for staff social distancing
Security	\$ 12,318	King Township Municipal Centre security and access controls
Fences	\$ 7,712	Fencing around entrances of facilities or outdoor areas
Maintenance	\$ 4,473	Mileage for staff travelling to different sites for grass cutting, visits and assessments
Misc.	\$ 3,082	Miscellaneous expenditures for Covid-19
Total	\$ 324,957	

Allocation of Year End Surplus

As noted above in the Safe Restart Funding Reserve Fund note, the Township received \$574,400 in phase 1 funding from the Ontario Government. This amount has been recorded as revenues to offset expenses directly related to Covid-19. At the end of 2020, the Township has a surplus of \$222,937 due to the phase 1 funding received and an overall deficit of \$351,463 without this funding as illustrated below:

2020 Year-end (Deficit)	\$ (351,463)
Add: Safe Restart Phase 1 funding	<u>574,400</u>
2020 Adjusted Year-end Surplus	\$ 222,937

Since the 2020 year-end surplus of \$222,937 is attributed to the Safe Restart Phase 1 funding received, staff recommends that the surplus is transferred to the Safe Restart Funding Reserve Fund to help financially offset a potential 2021 deficit related to the Covid-19 pandemic. With this transfer the new balance as of December 31, 2020 in this reserve fund is \$465,937.

5. ALIGNMENT TO STRATEGIC PLAN

The Integrated Community Sustainability Plan (ICSP) and Official Plan are the Township’s overarching guiding documents based on common values, priorities and long-term vision for King. King Township’s ICSP was formally adopted by Council on April 2, 2012. King Township’s Our King: Official Plan was formally adopted by Council on September 23rd, 2020, which embodies and focuses on the sustainability pillars identified in the ICSP.

Priority Area: Investing in Infrastructure

Objective: Maximizing Financial Capacity to Support Capital Programs

Key Action: Manage Debt and Reserves

Yearly reporting on the Township’s financial position provides transparency and a clear status of financial stability within the organization. This shows the financial capacity of the Township in connecting to the objective of the Strategic Plan.

6. CONCLUSION:

This concludes the year-end variance reporting for the 2020 operating budget. As the year-end surplus of \$222,937 is attributed to the Safe Restart funding, staff recommend that this surplus is transferred back to that reserve fund.

7. ATTACHMENTS:

None

Prepared By:

Angela Pham

Angela Pham, CPA, CA
 Manager of Budget & Financial Reporting

Recommended By:

Peggy Tollett

Peggy Tollett, CPA, CGA
 Director of Finance & Treasurer

Approved for Submission By:

Daniel Kostopoulos

Daniel Kostopoulos, P.Eng.
 Chief Administrative Officer



THE CORPORATION OF THE TOWNSHIP OF KING
REPORT TO COMMITTEE OF THE WHOLE

Wednesday, June 9th, 2021

Finance Department
Report # FR-2021-16

RE: 2020 Consolidated Audited Financial Statements

1. **RECOMMENDATIONS**

The Director of Finance and Treasurer respectfully submits the following recommendation:

- (a) That report FR-2021-16 for the 2020 Consolidated Audited Financial Statements be received.

2. **REPORT HIGHLIGHTS:**

- The 2020 Financial Report and Consolidated Financial Statements have been prepared by Management of the Township of King.
- The financial statements have been examined by the external auditors for the Corporation and an opinion has been provided on whether the financial statements are fairly presented, in all material respects, in accordance with public sector accounting standards.
- Staff prepare a Management Discussion and Analysis (MD&A) report which contains a high-level summary of the 2020 year-end to provide a more detailed approach for transparency and to assist the various stakeholders in understanding the Township's financial picture.

3. **PURPOSE:**

This report provides the annual reporting on the Township's audited consolidated financial statements. The 2020 Financial Report and Consolidated Financial Statements have been prepared by Management and examined by the external auditors for the Corporation.

4. **BACKGROUND:**

Section 296 (1) of the *Municipal Act*, requires that all municipalities appoint an auditor licensed under the *Public Accounting Act, 2004* who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and express an opinion on the financial statements of these bodies based on the audit.

BDO Canada LLP Chartered Accountants were appointed by Council as independent auditors on September 24, 2012. They have audited the Township's 2020 Consolidated Financial Statements and expressed their opinion within the Independent Auditor's Report that precedes the financial statements.

Under Section 294.1 of the *Municipal Act*, a municipality shall, for each fiscal year, prepare annual financial statements for the municipality in accordance with generally accepted accounting principles (GAAP) for local governments as recommended, from time to time, by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants (CPA) of Canada. Section 295 contains requirements for municipalities to publish a full set of financial statements in a newspaper in the municipality or to advertise the availability of the financial statements within 60 days of receiving the audited financial statements of the previous fiscal year.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards. Management is also responsible for establishing, reviewing and managing systems of internal control to ensure the safety and security of the Township's assets from potential loss or misuse.

5. ANALYSIS:

Annually, the Township of King is required to prepare and publish audited consolidated financial statements. Attached to this report are:

Appendix A: Management Discussion and Analysis for the year ended December 31, 2020

Appendix B: Consolidated Draft Financial Statements for the year ended December 31, 2020

Staff have prepared a Management Discussion and Analysis (Appendix A) to this report which contains a high-level summary of the 2020 year-end to provide a clearer understanding of the Township's financial outlook in the 2020 audited and consolidated financial statements.

6. FINANCIAL CONSIDERATIONS:

The financial statements have been prepared in accordance with the *Municipal Act, 2001* and based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and best practices in financial reporting by the Municipal Finance Officers Association (MFOA).

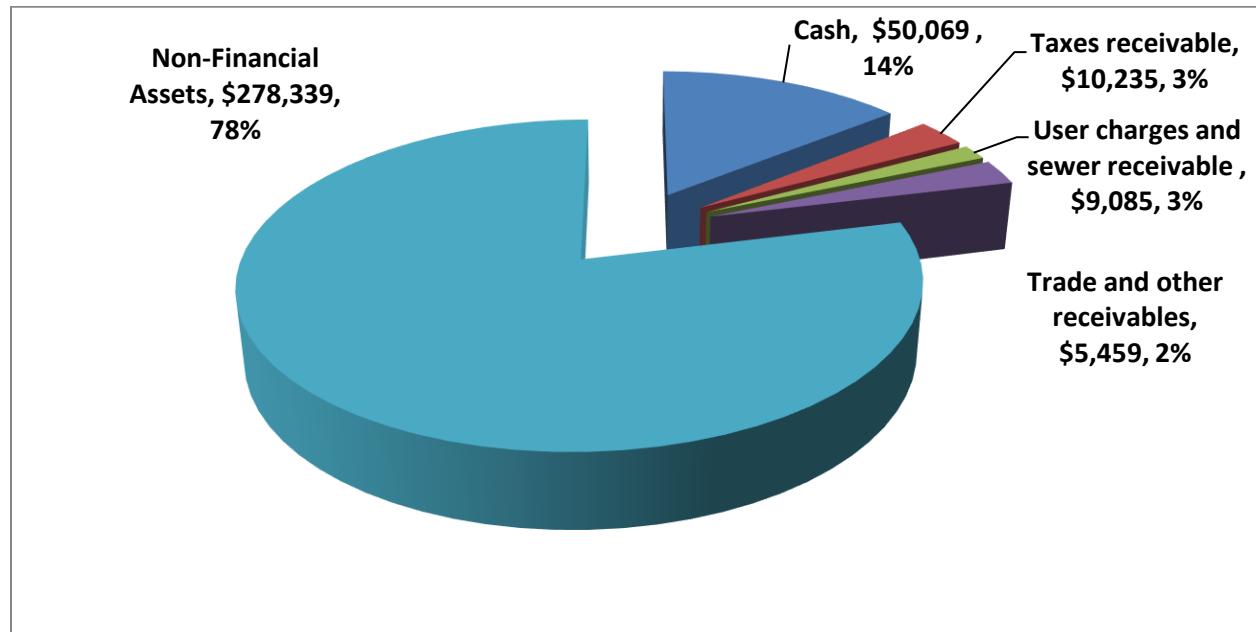
The 2020 Financial Report and Consolidated Financial Statements are the responsibility of Management of the Corporation of the Township of King. The financial statements have been examined by BDO Canada LLP Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with public sector accounting standards.

The Financial Highlights below have been extracted from the Township's Consolidated Audited Financial Statements found on Appendix B of this report.

Statement of Financial Position

The following highlights outline the Financial Position as at December 31, 2020
(In thousands of dollars)

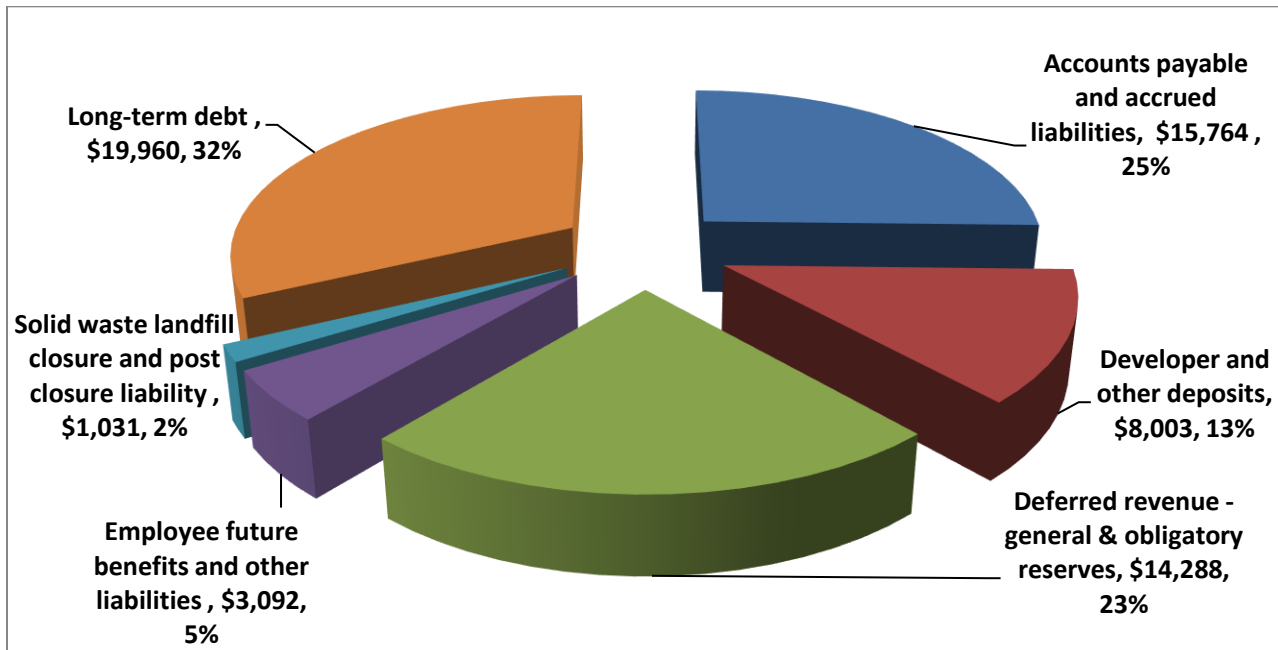
As at December 31	2020	
What we own (Assets)	\$000's	%
Cash	\$50,069	14%
Taxes receivable	10,235	3%
Trade and other receivables	5,459	2%
User charges and sewer receivable	9,085	3%
Non-Financial Assets	278,339	78%
Total	\$353,187	100%



As at December 31	2020	
What we owe (Liabilities)	\$000's	%
Accounts payable and accrued liabilities	\$15,764	25%
Developer and other deposits	8,003	13%
Deferred revenue - general & obligatory reserves	14,288	23%
Employee future benefits and other liabilities	3,092	5%
Solid waste landfill closure and post closure liability	1,031	2%
Long-term debt	19,960	32%
Total	\$62,138	100%

Net Worth		
Accumulated operating surplus	\$(27,518)	-9%
Investment in Tangible Capital Assets	278,121	95%
Reserve and Reserve Funds	40,446	14%
Total	\$291,049	100%

Total Liabilities and Net Worth	\$353,187
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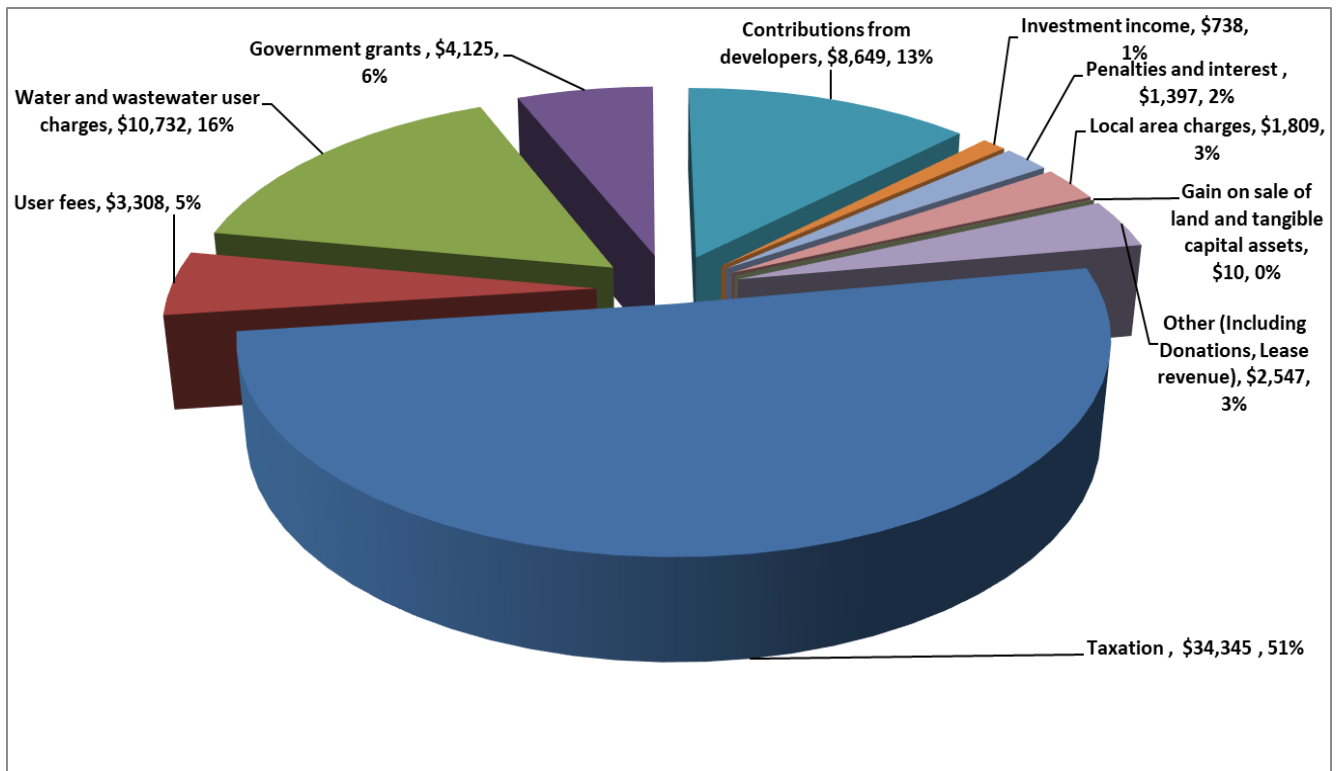


Revenues and Expenses

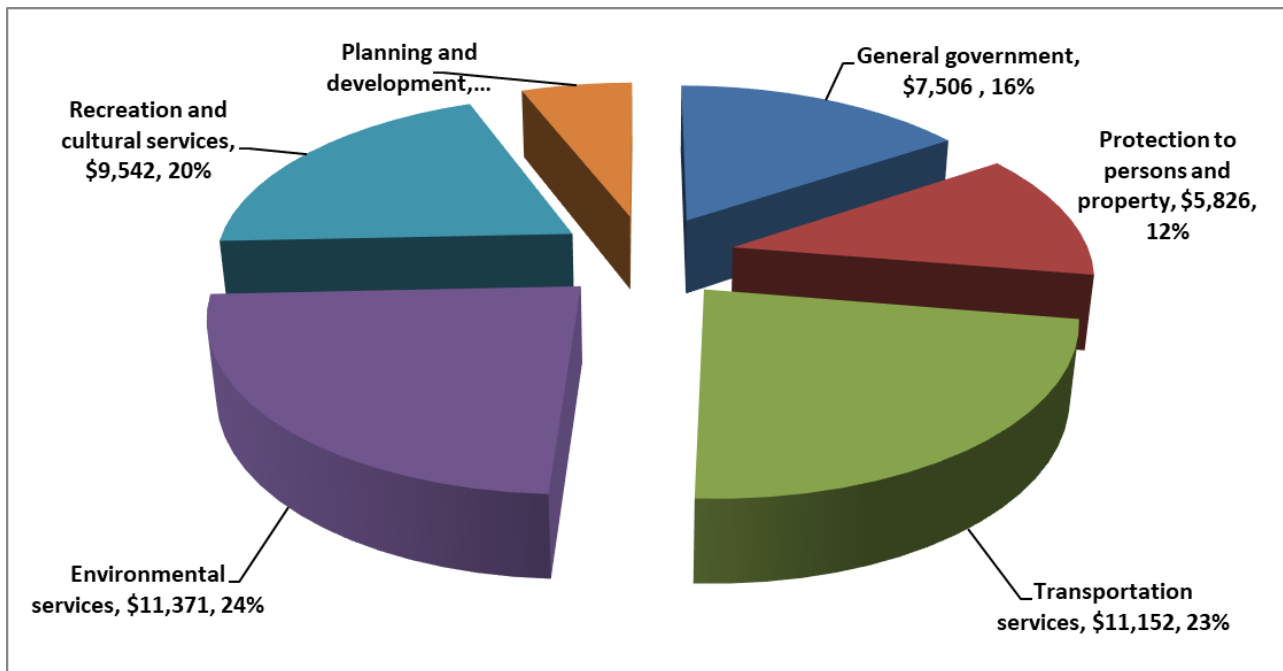
The following highlights outline the Statement of Operations as at December 31, 2020
(In thousands of dollars)

For the year ended December 31

Where the funding comes from (Revenues)	\$000's	%
Taxation	\$ 34,345	51%
User fees	3,308	5%
Water and wastewater user charges	10,732	16%
Government grants	4,125	6%
Contributions from developers	8,649	13%
Investment income	738	1%
Penalties and interest	1,397	2%
Local area charges	1,809	3%
Gain on sale of land and tangible capital assets	10	0%
Other (Including Donations, Lease revenue)	2,547	3%
Total	\$ 67,660	100%



What the funding was used for (Expenses)	\$000's	%
General government	\$ 7,506	16%
Protection to persons and property	5,825	12%
Transportation services	11,152	23%
Environmental services	11,371	24%
Recreation and cultural services	9,542	20%
Planning and development	2,859	5%
Total	\$ 48,255	100%



7. ALIGNMENT TO STRATEGIC PLAN:

The 2019-2022 Corporate Strategic Plan was formally adopted by Council on September 21, 2020 which emphasizes all of the ICSP Pillars (Financial, Economic, Socio-Cultural and Environmental) and is also aligned with the long-term vision defined in the Official Plan. The 2019-2022 Corporate Strategic Plan aims to ensure staff initiatives focus on current Term of Council priorities in support of the Township's long-term vision to 2031.

Priority Area: Investing in Infrastructure

Objective: Maximizing Capacity to Support Capital Programs

Key Action: Manage Debt and Reserves

The detailed reporting of the audit statements provides financial stability and transparency of the goals of the Corporate Strategic Plan. It essentially provides a picture of the Township's Debt and Reserves in connection to the key action of the plan.

7. CONCLUSION:

This report recognizes the completion of the 2020 audit and provides a detailed report on the 2020 Consolidated Audited Financial Statements as part of Appendix A and the Draft 2020 Audited Statements as of December 31, 2020.

8. ATTACHMENTS:

Appendix A: Management Discussion and Analysis for the year ended December 31, 2020

Appendix B: Consolidated Draft Financial Statements for the year ended December 31, 2020

Submitted by:

Approved by:

Peggy Tollett

Peggy Tollett, CPA, CGA
Director of Finance & Treasurer

Daniel Kostopoulos

Daniel Kostopoulos, P.Eng.
Chief Administrative Officer

2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

FINANCIAL REPORT

The Township of King is pleased to present its 2020 Financial Report and Consolidated Financial Statements, for the year ended December 31, 2020. This report has been prepared in accordance with the Municipal Act, 2001 and based on the reporting standards set by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and the best practices in financial reporting by the Municipal Finance Officers Association (MFOA).

The 2020 Financial Report and Consolidated Financial Statements are the responsibility of Management of the Corporation of the Township of King. The financial statements have been examined by BDO Canada LLP Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with public sector accounting standards.

The Financial Highlights have been extracted from the Township's Audited Consolidated Financial Statements.



King Township Municipal Centre (KTMC)



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

The Township of King prepares its budget on a fund accounting basis where budgeted operating expenditures and capital are balanced with revenues. Like all other municipalities, the Township of King is required under the Public Sector Accounting Board rules to prepare financial statements on the full accrual basis accounting, including amortization, tangible capital assets, landfill closure, and future employment benefits.

The Consolidated Financial Statements in the 2020 Financial Report have been prepared in accordance with general accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. By converting the Township's statements to a full accrual basis, it changes the budget from a balanced budget to recognize either a surplus or deficit. The statements and related information are the responsibility of management and include the financial activities of all deemed to be controlled by the Township of King.

Some highlights of the 2020 financial statements include:

- An investment in Tangible Capital Assets of \$20.2 million which included but not limited to infrastructure, roads, equipment and the King Township Municipal Centre (KTMC)
- An increase in developer contributions of \$1.8 million
- An increased use of development charges and usage of Federal Gas Tax Funding and cash in lieu of parkland for \$5.8 million.
- A reduction in the long-term liabilities of \$2.6 million related to payments to the Region of York for Township debenture payments.
- A reduction in user fees of \$2.8 million in the statement of operations as a direct relation to the closure of facilities due to COVID-19 pandemic.
- Increase in Government grants of \$1.4 million related to OCIF funding of \$608,548 and Safe Restart funding for Phase 1 of \$817,400 for COVID-19.
- Decrease in our Taxes Receivable related to the start of our Township Arrears Program.



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

Financial Assets

As at December 31 (\$ millions)	2020	2019	Change in 2020 Increase / (Decrease)
Financial Assets			
Cash	\$50.1	\$49.4	\$0.7
Taxes receivable	\$10.2	\$10.5	\$(0.3)
Trade and other receivables	\$5.4	\$4.4	\$1.0
User charges and sewer receivable	\$9.1	\$8.4	\$0.7
Total	\$74.8	\$72.7	\$2.1

The increase of \$2.0 million in financial assets for the Township is mainly attributed to the following:

- \$0.7 million increase in cash mainly due to timing of deposits received at year-end and additional Safe Restart funding received late in the year.
- Decrease of \$0.3 million from an arrears program started at the latter part of the year for the Township. During 2020, the Township held off on taxes in arrears due to COVID however, started to re-establish this program for properties in 3 years in arrears or more.
- Increase of \$0.7 million in user charge and sewer receivable with the additional levies for sewer connections in Nobleton for Phase 2.
- \$1.0 million increase from additional maintenance receivable to be established for 2021 for the Holland Marsh related to drain 15 and 16. These charges will be a local improvement added to the 2021 final tax billing once final allocations are received from the Holland Marsh. This also includes additional recovery for billing of fire response time for motor vehicle accidents and recovery for developments.

Taxes Receivable

The Township is working on an arrears program for property owners to help reduce its property taxes receivable over the years by offering special payment plans for residents in arrears and proactively conducting tax sales on properties with unpaid taxes for a period of 3 years or more. Next steps involve title searches, to see if property owners have mortgage companies which provides an option to have the arrears paid by the mortgage lender.

Tax arrears has been an issue with the Township over the years as indicated on the table below that shows the tax arrears from 2016-2020 which does not appear to be impacted by COVID directly but rather a lack of collection. The funds in arrears could be re-invested to the municipality for additional interest investment and generate additional income for the municipality.



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

Below is a chart to show the history of arrears over the last 5 years.

Table 1:

	2020	2019	2018	2017	2016
Tax Arrears	10,234,774	10,447,875	9,976,152	8,786,543	7,851,843
Total Levy	84,149,175	81,151,920	78,000,696	74,048,174	66,657,074
% of Arrears	12%	13%	13%	12%	12%

The Township reports our financial indicators to the Province with the yearly reporting in the Financial Information Return (FIR). The Township's tax arrears is over the 10% provincial threshold which indicates a moderate to high risk and was recently flagged by Ministry staff.

This arrears program was started towards the end of 2020 and will continue for 2021. Staff will continue to report back on the progress of that plan later in the year.

Financial Liabilities

As at December 31 (\$ millions)	2020	2019	Change in 2020 Increase / (Decrease)
Financial Liabilities			
Accounts payable and accrued liabilities	\$15.7	\$13.9	\$1.8
Developer and other deposits	\$8.0	\$6.2	\$1.8
Deferred revenue (General & Obligatory Reserves)	\$14.3	\$20.1	\$(5.8)
Employee future benefits and other liabilities	\$3.1	\$2.8	\$0.3
Solid waste landfill closure and post closure liability	\$1.0	\$1.3	\$(0.3)
Long-term debt	\$20.0	\$22.6	\$(2.6)
Total	\$62.1	\$66.9	\$(4.8)

The overall decrease of \$4.8 million in financial liabilities for the Township is mainly attributed to the following:

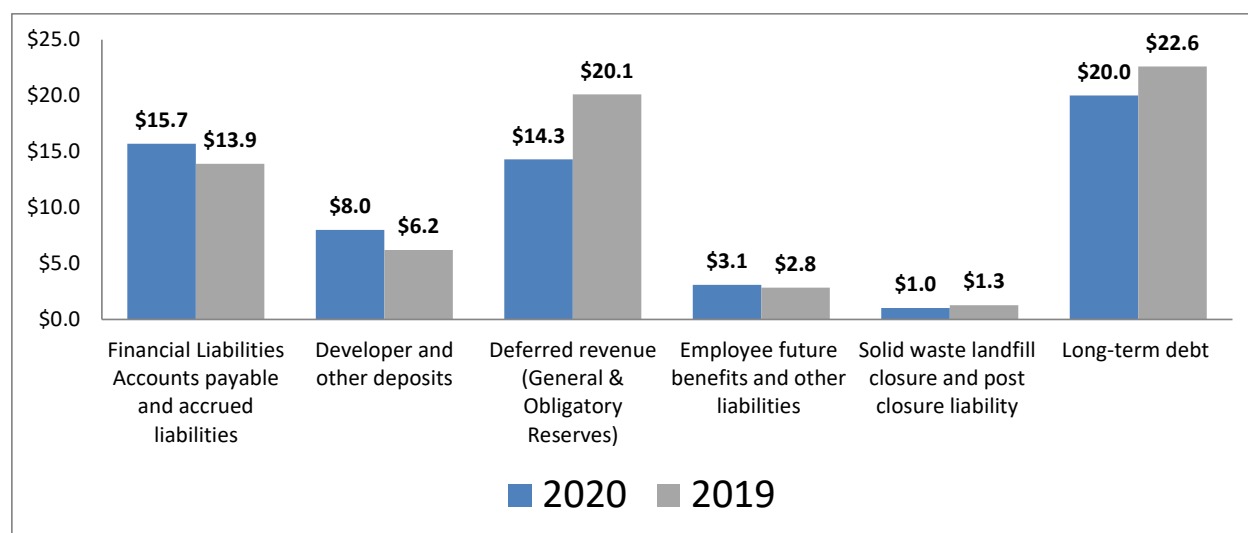
- \$1.8 million increase in accounts payable and accrued liabilities to account for potential Local Planning Appeal Tribunal (LPAT) appeals related to the Official Plan, outstanding legal matters, and increase in payables related to timing of invoices received.
- \$1.8 million in additional developer contributions for planning and subdivision applications currently being constructed.



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

- Decrease of \$5.8 million related to funding of capital projects for 2020 in particular the new King City Seniors Centre and Library, roads infrastructure projects with development charges and Federal Gas Tax funding.
- \$0.3 million increase from updating the Township’s Post-Retirement non-pension benefits and Sick leave benefits by an actuarial review which is required every 3 years.
- Decrease of \$2.6 million related to debenture payments to the Region of York for long term debt obligations for various projects. More details further in this report.



Non-Financial Assets

As at December 31 (\$ millions)	2020	2019	Change in 2020 Increase / (Decrease)
Non-Financial Assets			
Tangible capital assets	\$278.1	\$265.5	\$12.6
Inventory held for own use	\$0.1	\$0.2	\$(0.1)
Prepaid expenses	\$0.1	\$0.2	\$(0.1)
Total	\$278.3	\$265.9	\$12.4

The majority of the change within Non-Financial Assets is recognizing new assets with the Township made significant investment in tangible capital assets of \$20.2 million in 2020 with a net increase of \$12.6 million once amortization of \$7.6 million and gain on disposal of \$10 thousand are accounted for.

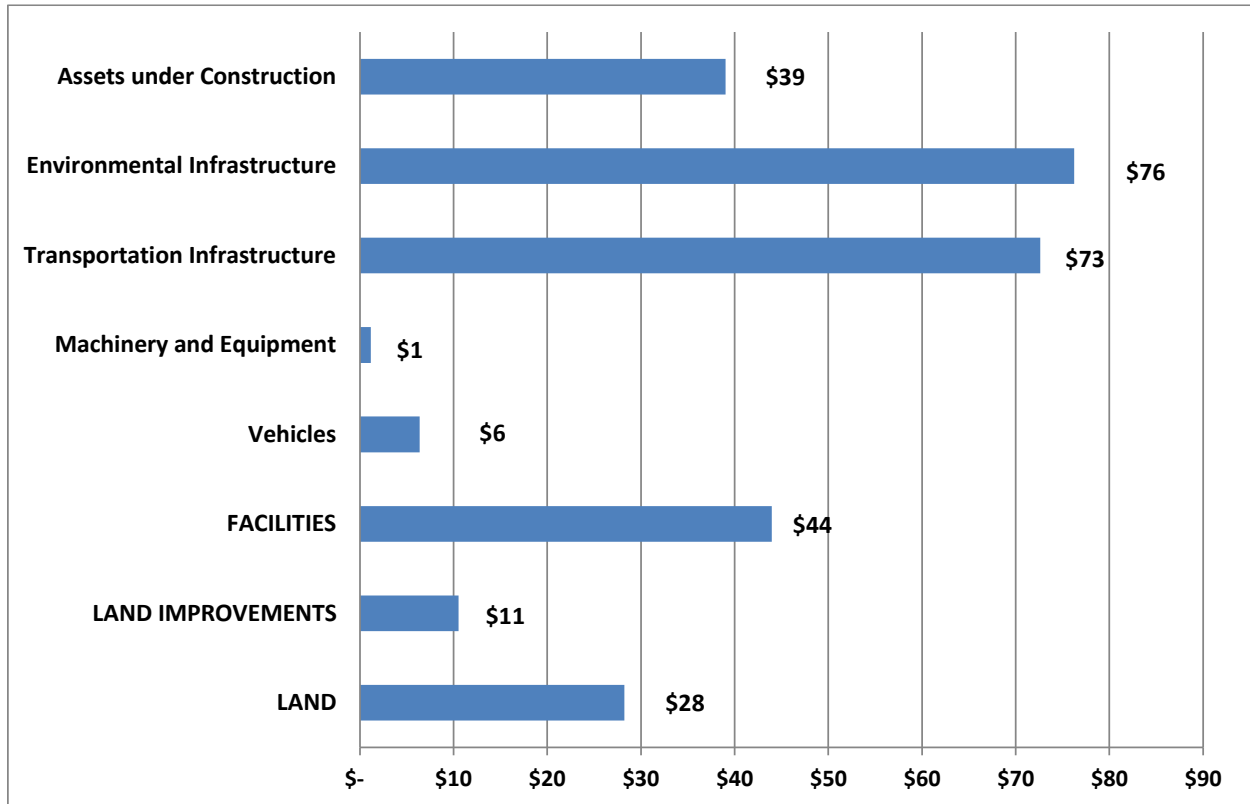


2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

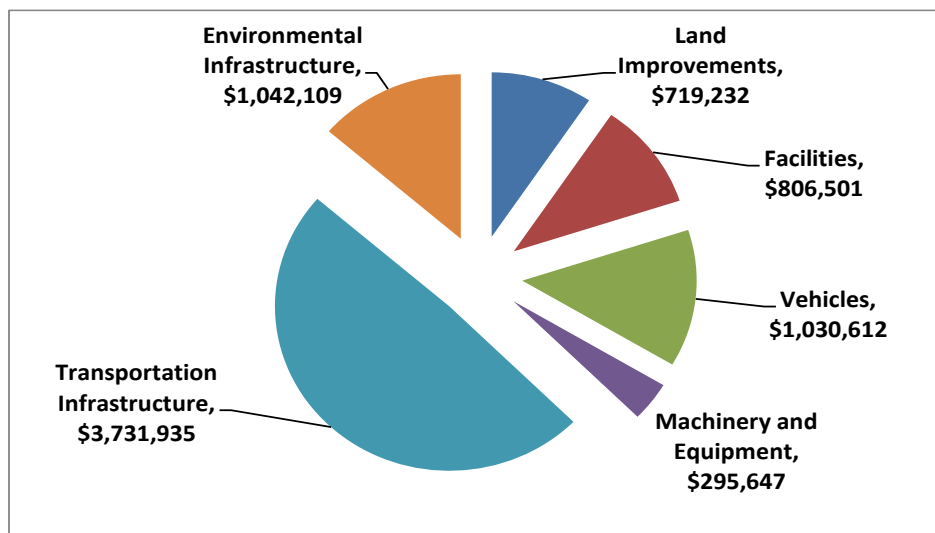
The following table represents the Net Book Value (NBV) of assets in millions:

Total NBV \$278.1 million



The value of amortization per class of assets is listed below:

Total Amortization is \$7.6 million





2020 MANAGEMENT DISCUSSION AND ANALYSIS

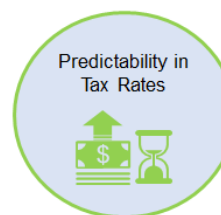
FR-2021-16 - Appendix A

For 2020, the Township recognized \$20.2 million in Tangible Capital Assets. Below are some high level projects for reference and is not the full list of projects recognized in the 2020 year-end

Additions for 2020	Value \$ (millions)
<ul style="list-style-type: none"> The King Township Municipal Centre (KTMC) 	\$21.3
<ul style="list-style-type: none"> Various Road Improvements 	\$1.5
<ul style="list-style-type: none"> Conversion of Gravel Roads to Paved Roads 	\$3.0
<ul style="list-style-type: none"> Ansnorveldt Park Upgrades 	\$0.4
<ul style="list-style-type: none"> Various new Vehicles and Equipment 	\$0.7
<ul style="list-style-type: none"> Nobleton Arena Building improvements & Arena Rubber Flooring replacement 	\$0.3
<ul style="list-style-type: none"> Trail Improvements 	\$0.3

The Township’s sustainable funding source for capital offsets the projected amortization expenses of approximately \$7.6 million per year. With amortization providing an indication of how much should be set aside / spent each year to repair and replace the Township assets. However, amortization is based on historical cost of assets and the future cost to replace an asset (such as a road or bridge) will cost more than what the Township originally paid for it more than 50 years ago. The shortfall between the historical cost and the replacement cost is called the infrastructure funding gap.

The Township needs to build-up sustainable funding for capital. In recent years, the Township has actively worked to reduce the infrastructure funding shortfall by allocating increased amounts to Infrastructure Reserves for capital purposes.



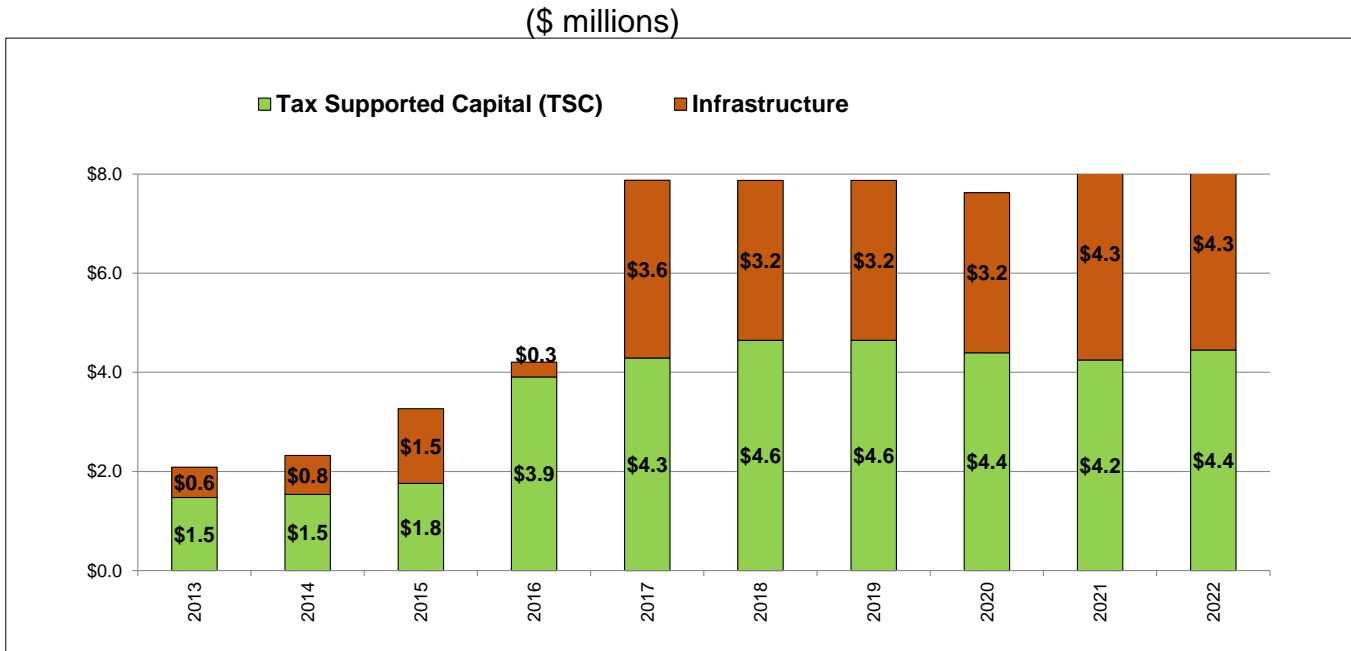


2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

The plan is to build up tax funded capital which is \$4.4 million in 2020 and \$4.2 million in 2021 plus, the contribution for infrastructure which is now \$4.3 million to cover the estimated annual depreciation or amortization of all assets. By forecasting capital expenditures, King can plan for funding from both reserves and stabilize the tax rate.

This chart shows the balance of using the two funding sources to support the repair and replacement of Township assets with using both tax supported capital reserve and infrastructure reserve.



As the Township continues to work towards a comprehensive Asset Management Plan (AMP), the average annual investment required will be adjusted, and the infrastructure gap will be quantified with the goal of creating a long-term strategy to fund the gap. This strategy will continue to look at best practices to maintain assets to mitigate impacts of large replacement costs and ensure a proactive approach is adopted for proper maintenance and repairs.

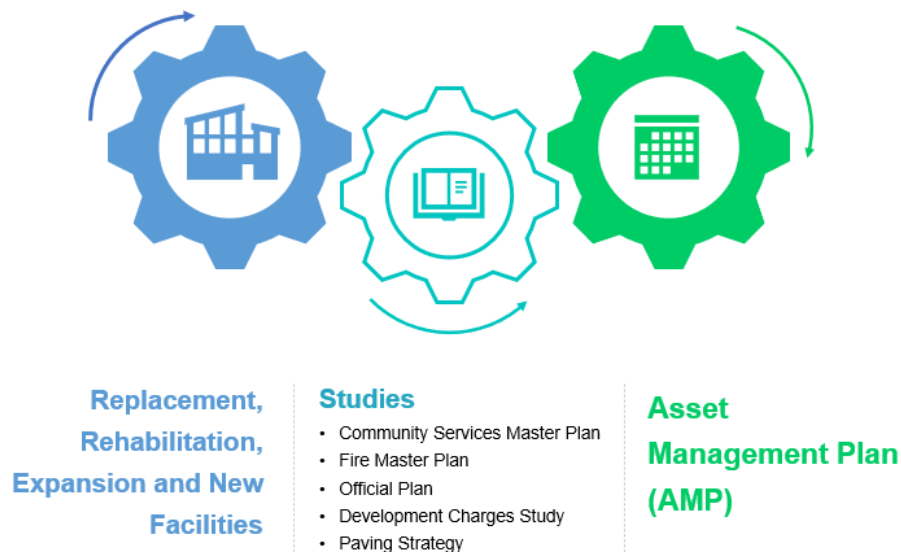




2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

As part of the Township’s Fiscal Strategy, the 10-year capital forecast must balance the needs of growth and non-growth. In conjunction with King’s Asset Management Plan (AMP), the Township must include the various studies to help formulate the 10-year plan. These include but, not limited to the Community Service plan that looks at the various amenities for parks, recreation, and culture, the Fire Master Plan that looks at community risk assessment, the Official Plan for population growth for both residential and commercial / industrial, the Development Charge Study which is a 5-year plan that was recently adopted by Council in January 2021 and the Paving strategy.



Accumulated Surplus

As at December 31 (\$ millions)	2020	2019	Change in 2020 Increase / (Decrease)
Financial Assets	\$74.8	\$72.7	\$2.1
Financial Liabilities	\$62.1	\$66.9	\$(4.8)
Net Financial Assets	\$12.7	\$5.8	\$6.9
Non- Financial Assets	\$278.3	\$265.8	\$12.5
Total Net Assets	\$291.0	\$271.6	\$19.4
Accumulated Surplus - End of Year	\$291.0	\$271.6	\$19.4

The 2020 accumulated surplus change is equal to the 2020 annual surplus from operations from the statement of operations. In 2020, the Township’s change represents an increase of \$19.4 million to the accumulated surplus at the end of December 31, 2020. Details are provided in the financial statements under note 9 for more information.



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

OPERATIONS AND ACCUMULATED SURPLUS

The budgets for the Township are prepared on the funding bases of accounting where revenues equal expenses for the budget / planning purposes. On the fund basis of accounting, the Township ended with a surplus of \$223 thousand due primarily to reductions in expenses with delay of purchases, gapping, staffing vacancies, and reduced spending to accommodate the closure of facilities, and loss of revenues during the COVID-19 Pandemic. Some additional revenue was recognized in relation to investment income, supplementary revenue related to taxes, and planning applications. A detailed reporting of the fund basis operating budget surplus will be provided in a separate report as part of the year-end process.

Overall the Township has a 2020 year-end full accrual surplus of \$19.4 million which is related primarily due to additional assets that were added by the Township of \$20.2 million which includes \$1.8 million of infrastructure assets that were assumed from new development. The revenue from Township assumed infrastructure is captured under contribution from developers in the Statement of Operations. In 2020, the Township recognized \$6.8 million in development charges under contribution and \$1.8 million in Federal Gas Tax under the grant revenue section of the Statement of Operations.

Conversion to Full Accrual Accounting

In order to comply with PSAB reporting the Township converts its fund basis of accounting to the full accrual accounting for both revenues and expenses. For example, prior to 2009 there was no requirement to present tangible capital assets on the Township's Statement of Financial Position. At the time, all Ontario municipalities at the time expensed tangible capital assets (TCA) additions with revenues related to capital project additions shown to fully offset the expenses. Under the full accrual method of accounting, the TCA additions are now capitalized on the Township's Statement of Financial Position similar to other private businesses and organizations. Municipalities now show amortization expense as listed on the Statement of Operations which is one of the largest expenses for many municipalities due the volume of assets under a municipality's control such as roads, bridges, fleet, facilities, and equipment.

The items below are included in the December 31, 2020 financial statements:

- Amortization of tangible capital assets
- Accumulated Surplus/(Deficit) from Operations
- Net Book Value Gain / Loss on disposal of Tangible Capital Assets
- Revenue – Grants (including Federal Gas Tax)/Development Charges/Recoveries from other municipalities/ other - for Capital



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

- Revenue – Contributed Assets (assets assumed by the Township by developers)
- Transfer from/to Reserves are not considered Revenue or Expenses and are removed from the Township’s Surplus

The following is the adjustment from the Township’s fund accounting surplus of \$223 thousand to the actual full accrual surplus of \$19.4 million:

		\$223
2020 Fund Accounting Operating Budget Surplus		
Tangible Capital Asset (TCA) Adjustments		
	Tangible Capital Asset Amortization	(\$7,626)
	2020 Tax Levy Funded Capital Program	\$12,244
Assets	Capital Budget Items not considered Tangible Capital	\$61
	Net Book Value loss on Disposal of Tangible Capital Assets	(\$12)
		\$4,667
	Surplus after accounting for TCA	\$4,890
Other Full Accrual Adjustments		
	Transfers to Reserves not considered an expense	\$14,414
	Transfers from Reserves not considered revenue	(\$2,660)
	Deferred Revenues and Other External Funding (grants)	-
	Long term debt (external) not considered as expenditures	\$2,447
	Change in Employee Future Benefits Liability	(\$158)
Liability	Change in Solid Waste Landfill Closure and Post Closure	\$255
	Consolidation of Library Board and Holland Marsh	\$217
		\$14,515
	2020 Full Accrual Surplus	\$19,405



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

MUNICIPAL DEBT

King Township’s capital planning requirements may rely on the use of debenture financing to support investment in municipal infrastructure. This approach has been analyzed on the basis of the Township’s current debt structure, in conjunction with Ministry defined debenture capacity / annual repayment limits, and with a comprehensive understanding of current reserve and reserve funds.

Under section 401 of the Municipal Act, debentures are issued by the upper tier; therefore the Region of York issues debentures on behalf of the Township of King. Debenture issuance at the Township will only be undertaken in compliance with the provisions of the Municipal Act, 2001, specifically Part XIII Debt and Investment, as well as Ontario Regulation 403/02 (Debt and Financial Obligation Limit).

At the end of 2020, the Township’s net outstanding debt is \$20.0 million.

The long-term debt incurred by the Township and outstanding at the end of the year consists of the following:

By-law	Purpose / Description	Interest Rate	Maturity Date	2020	2019
2016-54	For the construction of sewage works in the community of Nobleton, in the amount of \$6,000,000, has annual principle payments of 400,000.	3.80%	2026	2,400,000	2,800,000
2015-62	For the construction of road and watermain in the community of Nobleton, in the amount of \$6,000,000. This is a sinking fund debenture.	2.60%	2025	6,000,000	6,000,000
2019-21	For the King Roads project in the amount of \$6,100,000. This is a sinking fund debenture.	2.65%	2029	6,100,000	6,100,000
2019-52	For King Buildings including the King Township Municipal Centre (KTMC), King City Library / Senior Centre and Graham Sideroad Bridge. This is a sinking fund debenture.	2.65%	2029	10,000,000	10,000,000
	Long-term liabilities			24,500,000	24,900,000
	Less: sinking fund assets			(4,539,749)	(2,312,967)
	Net long-term liabilities			19,960,251	22,587,033

Type of debentures:

Serial Debentures: Designed to pay equal, semi-annual principles amounts with interest calculated on the declining balances;

Amortized Debentures: Constructed to pay equal, semi-annual total payments with the interest component decreasing over the term;

Sinking Fund Debentures: Designed to pay equal, annual sinking fund contributions and equal, semi-annual interest payments to a fund that when combined with interest earned is used to repay the principal at the maturity.



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

2016-54 – Sewage Works in Nobleton

Issued in 2011, for the construction of the sewage works in the community of Nobleton in the amount of \$6.0 million. This is a traditional serial debenture with a principle payment of \$400,000 a year plus interest of 3.8% for a maturity date of July 6, 2026.

2015-62 – Construction of Road and Watermain in Nobleton

This debenture was issued in 2015 for the construction of a road and watermain in the community of Nobleton for a total of \$6.0 million. This was issued as a sinking fund debenture with an interest rate of 2.6% and a maturity date of June 15, 2025. Semi-Annual payments are made for interest payments and the principle paid at maturity.

2019-21 – King Road Projects

This debenture was issued in 2019 for the construction of various road projects throughout the Township for a total of \$6.1 million. This was issued as a sinking fund debenture with an interest rate of 2.65% and a maturity date of April 18, 2029. Semi-Annual payments are made for interest payments and the principle paid at maturity.

2019-52 – Various Town Projects

This debenture was issued in 2019 for the construction of Graham Sideroad Bridge, the King Township Municipal Centre (KTMC) and the King City Library / Senior Centre for a total of \$10.0 million. This was issued as a sinking fund debenture with an interest rate of 2.65% and a maturity date of April 18, 2029. Semi-Annual payments are made for interest payments and the principle paid at maturity.

Annual debt charges are included in the amount of the property tax rate, user rate, and area specific charge (benefitting landowner) calculations. The chart below summarizes the annual debt charges (principal and interest) for the Township’s existing debt obligation; it does not include any new proposed debt.

Year	Principal	Interest	Total
2021	2,446,809	670,081	3,116,890
2022	2,446,809	654,881	3,101,690
2023	2,446,809	639,681	3,086,490
2024	2,446,809	624,585	3,071,394
2025	2,446,809	531,281	2,978,090
2026 - 2029	7,726,206	1,504,706	7,921,867
	19,960,251	4,625,215	23,276,421



2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

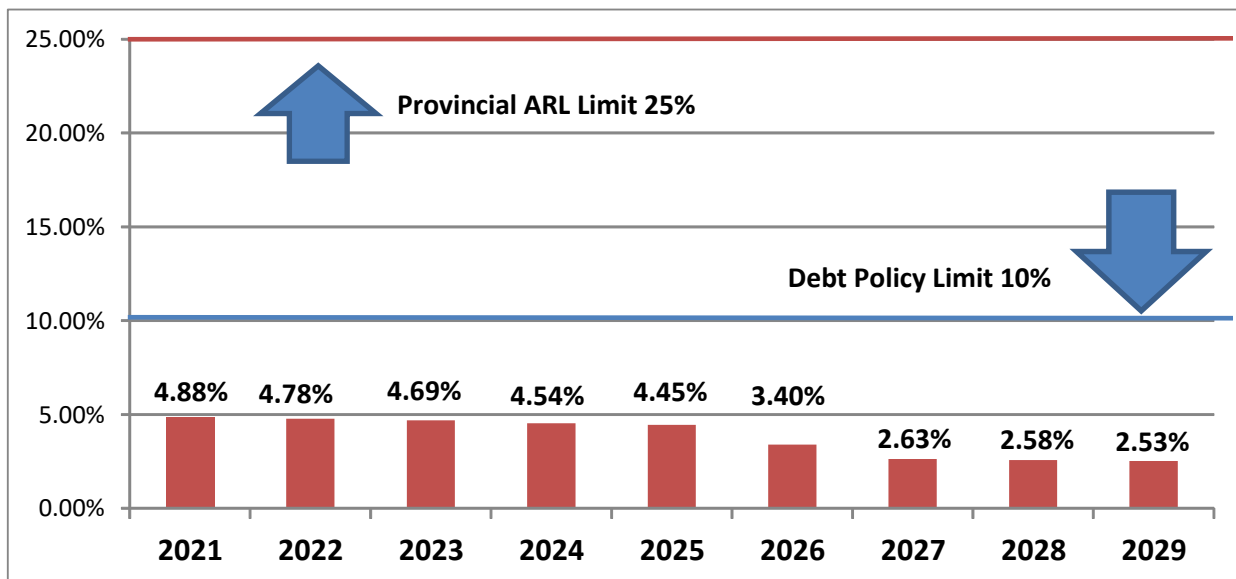
Annual Debt Repayment Limit

The Province of Ontario, through regulation, prescribes the Annual Debt Repayment Limit (ARL) for municipalities. The ARL is calculated based on 25% of the municipality’s own source revenues and represents the maximum amount which the municipality has available to commit to payments relating to debt and financial obligation. Prior to the authorization by Council of a long term debt or financial obligation, this limit must be adjusted by the Treasurer in the prescribed manner. As per the debt policy within the Township of King we have an approved limit of 10% for all debt.

Non-Material Leases are fixed payments over a term that the Township has agreements with which includes leases for the photocopiers. The amount is not material, however, is \$28 thousand per year from 2019-2023. These are financing agreements that the Township has entered into which are calculated as part of the ARL.

Based on debt financing the Township’s current debt limit is 4.88%. Below represents the forecasted projected debt limit for the remaining debentures not including any additional forecasted debt requirements.

2021-2029 ARL Debt Projections





2020 MANAGEMENT DISCUSSION AND ANALYSIS

FR-2021-16 - Appendix A

Annual Reporting Requirements

The Director of Finance / Treasurer will determine the short and long term borrowing needs and report to Council annually on any outstanding debt balance, their use and measured to key financial indicators. Through the Capital Budget process, the Director of Finance / Treasurer will also seek Council approval on all new debt prior to works being formally undertaken and will advise Council of issuance of debt when it is appropriate.

The Corporate Debt Policy will be reviewed periodically and updated if necessary. Any required changes will then be submitted to Council for approval. Otherwise, the Corporate Debt Policy will be formally reviewed, at a minimum of every five (5) years from the date of the last review.

CONCLUSION

Through consultation with Council, the Senior Leadership Team and staff will continue to present a well-balanced annual budget and additional financial strategies to provide a fiscally responsible outlook for the Township of King.

Some of the principles staff take into consideration in developing its fiscal strategies are:

1. **FLEXIBLE** – Responsive financial policies allow for opportunities and changing circumstances. Being able to respond to changes related to economic, social, environmental and political conditions.
2. **BALANCE** – Service levels are equitable and supported by Council. Balance between growth and non-growth.
3. **GOVERNANCE** – Maintain Integrity to ensure strong financial management of public funds and assets, to always spend within our means, to maintain a strong balance sheet, establish reserves and mitigate risk.
4. **CREDIBLE** – Maintaining public confidence and being accountable. Providing citizens high value for money, setting and tracking performance metrics with a focus on continuous improvement, maintain a high level of transparency including routine reporting and public education.

The overall Fiscal Strategy is intended to guide the financial policies and corporate decision making to ensure the goals and objectives of the Corporate Strategic Plan are achievable over the long-term.

Peggy Tollett, CPA, CGA,

Director of Finance / Treasurer

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

DRAFT

THE CORPORATION OF THE TOWNSHIP OF KING

For the year ended December 31, 2020

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DRAFT

Independent Auditor's Report

To the Mayor and Councillors of The Corporation of the Township of King

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of King (the Township), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of operations and accumulated surplus, cash flows and change in net assets (debt) for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Township as at December 31, 2020, and its consolidated results of operations, its consolidated change in net assets (debt), and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
TBD

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2020	2019
Financial Assets		
Cash (Note 2)	50,069,438	49,423,426
Taxes receivable (Note 3)	10,234,774	10,447,877
Trade and other receivables (Note 4)	5,458,692	4,433,329
User charges and sewer receivable (Note 5)	9,084,554	8,441,140
	74,847,458	72,745,772
Financial Liabilities		
Accounts payable and accrued liabilities	15,763,955	13,901,654
Developer and other deposits	8,002,698	6,210,582
Deferred revenue (Note 6)	14,287,935	20,132,333
Employee future benefits and other liabilities (Note 7)	3,091,684	2,844,699
Solid waste landfill closure and post closure liability (Note 8)	1,030,796	1,285,936
Long-term debt (Note 9)	19,960,251	22,587,033
	62,137,319	66,962,237
Net Financial Assets	12,710,139	5,783,535
Non-Financial Assets		
Tangible capital assets - net (Note 10)	278,121,416	265,543,652
Inventory held for own use	113,823	153,949
Prepaid expenses	103,457	162,533
	278,338,696	265,860,134
Total Net Assets	291,048,835	271,643,669
Accumulated Surplus - End of Year (Note 11)	291,048,835	271,643,669

Commitments (Note 18), Contingencies (Note 19)

Approved by

Mayor

Treasurer

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenues			
Taxation (Note 14)	37,625,624	34,345,419	33,031,389
User fees	4,618,260	3,307,783	6,069,728
Water and wastewater user charges	9,031,820	10,732,111	9,183,439
Government grants (Note 17)	3,339,918	4,124,580	2,749,899
Contributions from developers	11,951,761	8,648,507	19,132,037
Investment income	759,222	737,992	1,038,334
Penalties and interest	1,050,000	1,397,017	1,540,305
Local area charges	-	1,808,984	919,893
Gain on sale of land and tangible capital assets	230,000	10,564	105,588
Other	9,154,759	2,547,368	4,139,296
	77,761,364	67,660,325	77,909,908
Expenses			
General government	9,012,831	7,505,777	6,701,605
Protection to persons and property	5,698,252	5,825,701	6,140,332
Transportation services	13,353,435	11,152,218	11,309,693
Environmental services	10,749,714	11,370,519	9,281,805
Recreation and cultural services	15,425,994	9,542,113	10,901,413
Planning and development	2,399,371	2,858,831	2,282,815
	56,639,597	48,255,159	46,617,663
Annual Surplus from Operations	21,121,767	19,405,166	31,292,245
Accumulated Surplus - Beginning of Year	271,643,669	271,643,669	240,351,424
Accumulated Surplus - End of Year (Note 11)	292,765,436	291,048,835	271,643,669

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	2020 Budget (Note 16)	2020 Actual	2019 Actual
Annual Surplus from Operations	21,121,767	19,405,166	31,292,245
Acquisition of tangible capital assets (net of changes in construction in progress)	(34,833,262)	(20,216,303)	(31,793,332)
Amortization of tangible capital assets	7,626,041	7,626,041	7,417,777
Proceeds on disposal of tangible capital assets	-	23,062	-
(Gain)/Loss on disposal of tangible capital assets	-	(10,563)	105,588
	(27,207,221)	(12,577,763)	(24,269,967)
Inventory held for own use	-	40,126	(36,418)
Change in prepaid expenses	-	59,076	465,879
Increase/(Decrease) in Net Financial Assets (Debt)	(6,085,454)	6,926,605	7,451,739
Net Financial Assets (Debt) - Beginning of Year	5,783,535	5,783,535	(1,668,204)
Net Financial Assets (Debt) - End of Year	(301,919)	12,710,140	5,783,535

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2020	2019
Cash Provided By (Used In)		
Operating Activities		
Annual Surplus from operations	19,405,166	31,292,245
Items not involving cash		
Amortization of tangible capital assets	7,626,041	7,417,777
(Gain)/Loss on disposal of tangible capital assets	(10,563)	105,588
	<u>27,020,644</u>	<u>38,815,610</u>
Changes in non-cash working capital items (Note 13)	(3,554,608)	(9,485,501)
Capital Activities		
Acquisition of tangible capital assets (net of changes in construction in progress)	(20,216,303)	(31,793,332)
Proceeds on disposal of tangible capital assets	23,062	-
	<u>(20,193,241)</u>	<u>(31,793,332)</u>
Investing Activities		
Mortgage receivable	-	8,000,000
Financing Activities		
New debt and sinking fund contributions	(2,226,782)	9,084,905
Principal repayment on long-term debt	(400,000)	(400,000)
	<u>(2,626,782)</u>	<u>8,684,905</u>
Net Change in Cash	646,013	14,221,682
Cash - Beginning of Year	49,423,426	35,201,744
Cash - End of Year	<u>50,069,439</u>	<u>49,423,426</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

The Corporation of the Township of King (the "Township") is a lower-tier municipality located in the Regional Municipality of York, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township are the responsibility of management. They have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(a) Basis of consolidation

- (i) The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Township. They include the activities of all organizations, committees of Council and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These include:

King Township Library Board	100%
The Holland Marsh Drainage System Joint Municipal Services Board	59.15%

All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

The Township's portion of The Holland Marsh Drainage System Joint Municipal Services Board has been included in these consolidated financial statements on a proportionate consolidation basis.

(b) Basis of Accounting

(i) Accrual Basis of Accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Revenue Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has become available.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Developer contributions and fees for services are recognized over the period of service or when required expenses occur if applicable.

Sales of other services and other revenues are recognized on an accrual basis.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(b) **Basis of Accounting** (Continued)

(iii) **Cash**

Cash is comprised of cash on hand and cash held in financial institutions.

(iv) **Non-Financial Assets, Tangible Capital Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land	No amortization
Land improvements	15-50 years
Facilities	20-45 years
Vehicles	2-25 years
Machinery and equipment	3-10 years
Transportation infrastructure	15-75 years
Environmental infrastructure	80-100 years

Tangible capital assets under construction are not amortized until the asset is available for productive use. For larger scale linear infrastructure projects (such as sanitary sewer and concurrent road works), these assets are not amortized until all contracts/phases of the project are complete. No amortization is charged in the year of acquisition.

Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration.

Interest Capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(v) **Government transfers**

Government transfers are recognized in the consolidated financial statements when the transfer is authorized and any eligibility criteria have been met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(b) **Basis of Accounting** (Continued)

(vi) **Reserves and Reserve Funds**

Certain amounts, as approved by Township Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to/from reserves and reserve funds are an adjustment to the respective funds when approved.

(vii) **Deferred Revenue - Unearned User Charges and Fees**

Deferred revenue includes user charges and fees which have been collected but for which the related services have not yet been performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(viii) **Deferred Revenue - Obligatory Reserve Funds**

Deferred revenue includes funds received for specific purposes such as development charge contribution, parkland and federal gas tax revenue which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes. These funds, by their nature, are restricted in their use and, until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

(ix) **Investment Income**

Investment income earned on available funds (other than obligatory reserve funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

(x) **Employee Future Benefits**

The Township accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Township has adopted the following valuation methods and assumptions:

Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

Funding policy:

The post retirement non-pension benefits and the vested sick leave benefits are funded on a pay-as-you-go basis. The Township funds these benefits on a cash basis as the benefits are paid. No assets have been formally segregated and restricted to provide the post retirement non-pension and vested sick leave benefits.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting (Continued)

(x) Employee Future Benefits (Continued)

Accounting policies:

Actuarial gains and losses are recognized as income or expenses over the three year period of the related actuarial evaluation in which the determination of the gain or loss occurred. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. Vacation entitlements are accrued for as entitlements are earned. The Township's fiscal year-end is December 31 and the measurement date of the Township's obligation is as such.

(xi) Solid Waste Landfill Closure and Post Closure Liability

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation and are recognized as the landfill site's capacity is used.

(xii) Use of Estimates

The preparation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as the employee future benefits liability, the solid waste landfill closure and post-closure liability, the taxes receivable, the allowance for doubtful accounts and the historical cost and estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

(xiii) Pension Plan

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by eligible employees based on the length of credited service and the average earnings. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Township uses defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles. As such, the Township's contributions due during the year are expensed as incurred.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

2. CASH

Cash is comprised of the following:

	2020	2019
Unrestricted	35,781,503	29,291,093
Restricted (obligatory reserve funds set aside for specific purposes by legislation)	14,287,935	20,132,333
	50,069,438	49,423,426

The Township has an available bank operating credit line in the amount of \$5,000,000. Outstanding indebtedness bears interest at prime less 0.375%. At year end the Township has not utilized any amount under this credit facility (2019 - \$Nil).

The Township also has an available demand installment loan in the amount of \$3,000,000. Outstanding indebtedness bears interest at prime. At year end the Township has not utilized any amount under this credit facility (2019 - \$Nil).

3. TAXES RECEIVABLE

	2020	2019
Taxes receivable	10,331,239	10,544,342
Allowance for doubtful accounts	(96,465)	(96,465)
	10,234,774	10,447,877

4. TRADE AND OTHER RECEIVABLES

	2020	2019
Accounts receivable	5,491,304	4,465,941
Allowance for doubtful accounts	(32,612)	(32,612)
	5,458,692	4,433,329

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

5. USER CHARGES AND SEWER RECEIVABLE

In June 2006, Council for the Township of King approved By-law 2006-68, further amended by By-law 2007-110, which provided for the installation of sanitary sewers within a designated sewer service area in the village of King City. The total costs for this project amounted to \$47.1M, of which \$30.2M was to be funded from the existing benefitting landowners and \$16.9M from growth (development charges). The funding for the existing benefitting landowners was reduced by way of grants, contributions from developers, and a contribution by the Township. The net amount to be recovered from the existing benefitting landowners was \$19.4M. This amount was spread over the total number of landowners, 1,553, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$12,541. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 10 years. For landowners that selected the 10-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$1,664 per residential unit equivalent.

In April 2010, Council for the Township of King approved By-law 2010-38, further amended by By-law 2011-105, which provided for the installation of sanitary sewers within a designated sewer service area in the village of Nobleton. The total costs for this project were estimated at \$22.7M, of which \$4.0M was to be funded from growth (development charges), \$2.5M from contributions and \$16.2M from the existing benefitting landowners. This amount was spread over the total number of landowners, 860, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$18,790. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 15 years. For landowners that selected the 15-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$1,775 per residential unit equivalent.

6. DEFERRED REVENUE

	Balance at December 31 2019	Contributions Received	Investment Income	Revenue Recognized	Balance at December 31 2020
Obligatory Reserve Funds					
Development charges	16,097,308	1,812,772	168,410	(6,840,046)	11,238,444
Parkland reserve	597,712	5,228	6,977	(5,261)	604,656
Federal gas tax	1,441,020	743,601	14,915	(1,798,350)	401,186
	<u>18,136,040</u>	<u>2,561,601</u>	<u>190,302</u>	<u>(8,643,657)</u>	<u>12,244,286</u>
User Charges and Fees					
Deferred facility rentals	329,179	-	-	(41,890)	287,289
Deferred revenue	1,667,114	2,152,185	-	(2,062,939)	1,756,360
	<u>1,996,293</u>	<u>2,152,185</u>	<u>-</u>	<u>(2,104,829)</u>	<u>2,043,649</u>
	<u>20,132,333</u>	<u>4,713,786</u>	<u>190,302</u>	<u>(10,748,486)</u>	<u>14,287,935</u>

Cash needed to fund the obligatory reserves is \$12,244,286 (2019 - \$18,136,040) and the cash balance as at December 31, 2020 is \$50,069,438 as indicated in Note 2 (2019 - \$49,423,426).

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

7. EMPLOYEE FUTURE BENEFITS AND OTHER LIABILITIES

The Township provides certain employee benefits that will require funding in future periods. Under the Township's sick leave plan, unused sick leave can accumulate and employees with five years of active service are entitled to a maximum benefit of 50% of the employee's annual salary at the date of retirement, termination or death. The Township also pays certain health, dental and travel life insurance benefits on behalf of its retired employees.

The Township recognizes the cost of its post retirement non-pension benefit costs and sick leave obligations in the period in which the employee rendered the services.

	2020	2019
Accrued post-retirement non-pension benefits	1,074,258	1,128,333
Vested sick leave benefits	1,193,192	981,074
Vacation pay	824,234	735,292
	3,091,684	2,844,699

The actuarial results for each of the plans as at December 31, 2020 are as follows:

	Post Retirement Non-Pension Benefits	Vested Sick Leave Benefits	Total 2020	Total 2019
Accrued benefit obligation, beginning of year	1,128,333	981,074	2,109,407	1,869,224
Current service cost (net of benefits paid)	35,237	53,402	88,639	165,548
Interest cost	21,976	37,067	59,043	74,635
Actuarial (gain)/loss	(111,288)	121,649	10,361	-
Accrued benefit liability, end of year	1,074,258	1,193,192	2,267,450	2,109,407

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

7. EMPLOYEE FUTURE BENEFITS AND OTHER LIABILITIES (CONTINUED)

Actuarial evaluations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared as at January 1, 2020.

The assumptions used in the January 1, 2020 actuarial valuation and the projections for fiscal 2021 and 2022 were:

Interest (discount) rate

The rate used to discount future benefits is assumed to be 2.60% per annum. This rate reflects the cost of borrowing and the market yields on high quality bonds at the time of preparing the valuation. The assumption used in the previous valuation was 3.60% per annum.

Salary rate

The assumed rate used to project salaries reflects the expected Consumer Price Index adjusted for productivity, merit and promotion.

Health costs

Health costs were assumed to be at a rate of 4.20% for 2020, increasing to 5.30% in 2025 and then decreasing by 0.70% over the next 10 years and remain at 4.00% thereafter (2019 – assumed to be at a rate of 5.71% for 2019, decreasing to 5.47% in 2020 and then decreasing by 0.24% over the next 4 years and remain at 4.50% thereafter).

Dental costs

Dental costs were assumed to be at a rate of 4.50% for 2020 increasing to 5.60% in 2025 and then decreasing by 1.00% over the next 10 years and remain at 4.00% thereafter (2019 – assumed to be a rate of 4.50% and remain at 4.50% thereafter).

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

8. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Township's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$1,030,796 (2019 - \$1,285,936) and reflects a discount rate of 3.14% (2019 - 3.14%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill using the best information available to management. The previous year's estimate was adjusted to add an additional year. The Miller Road landfill is expected to reach its capacity in 1 year and the estimated remaining capacity is 300 (2019 - 300) cubic meters which is 1% (2019 - 1%) of the site's total capacity. The estimated length of time needed for post-closure care is 24 years.

The 10th Concession landfill is closed and has an estimated time of 5 years of post-closure care remaining.

The total estimated future expenses for closure and post-closure care are \$1,035,426 (2019 - \$1,403,254) leaving an amount to be recognized of \$4,630 (2019 - \$117,318) when the Miller Road landfill reaches full capacity.

The most recent valuation was prepared on December 31, 2016. Future events may result in significant changes to the estimated total expenses and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

A reserve of \$448,371 (2019 - \$452,949) is established to finance the future landfill closure and post-closure costs.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

9. LONG-TERM DEBT

(a) The Township has long-term debt managed and issued by the Region of York. The Township has the responsibility for the payment of principal and interest charges and/or annual contribution towards sinking funds that would be used to extinguish the debt at maturity. The total long-term debt reported on the consolidated statement of financial position include the following:

	2020	2019
Bylaw 2016-54 - long-term debt, issued in 2011 for the construction of sewage works in the community of Nobleton, in the amount of \$6,000,000, has annual principle payments of \$400,000 with an interest rate of 3.8% and a maturity date of July 6, 2026. At the end of the year, the outstanding principal amount of the liability is:	2,400,000	2,800,000
Bylaw 2015-62 - sinking fund debenture, issued in 2015 for the construction of road and watermain in the community of Nobleton, in the amount of \$6,000,000. The long-term debt has an interest rate of 2.6% and a maturity date of June 15, 2025. At the end of the year, the outstanding principal amount of the liability is:	6,000,000	6,000,000
Bylaw 2019-21 - sinking fund debenture, issued in 2019 for the King Roads project in the amount of \$6,100,000. The long-term debt has an interest rate of 2.65% and a maturity date of April 18, 2029. At the end of the year, the outstanding principal amount of the liability is:	6,100,000	6,100,000
By law 2019-52 - sinking fund debenture, issued in 2019 for the King Buildings project in the amount of \$10,000,000. The long-term debt has an interest rate of 2.65% and a maturity date of April 18, 2029. At the end of the year, the outstanding principal amount of the liability is:	10,000,000	10,000,000
Long-term liabilities	24,500,000	24,900,000
Less: sinking fund assets	(4,539,749)	(2,312,967)
Net long-term liabilities	19,960,251	22,587,033

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

9. LONG-TERM DEBT (CONTINUED)

The following table outlines the principal repayments, including sinking fund payments, and interest requirements on the long-term debt.

	Principal	Interest	Total
2021	2,446,809	670,081	3,116,890
2022	2,446,809	654,881	3,101,690
2023	2,446,809	639,681	3,086,490
2024	2,446,809	624,585	3,071,394
2025	2,446,809	531,281	2,978,090
2026 - 2029	7,726,206	1,504,706	9,230,912
	19,960,251	4,625,215	24,585,466

The long-term debt issued in the name of the Township, has been approved by by-law. The annual principal and interest payments required to service these debts are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Interest expense on long-term debt in the amount of \$678,015 (2019 - \$652,241) has been recognized on the consolidated statement of operations.

- (b) For the 2015 debt issuance, the Township is contributing \$542,519 annually to a sinking fund held at the Region of York. It is anticipated that the principal will be fully funded by maturity in 2025 of \$6,000,000 with the combined sinking fund contributions and investment income. The balance in the restricted fund is \$3,016,286 (2019 - \$2,312,967).
- (c) For the 2019 debt issuance, the Township is contributing \$569,948 annually to a sinking fund held at the Region of York. It is anticipated that the principal will be fully funded by maturity in 2029 of \$6,100,000 with the combined sinking fund contributions and investment income. The balance in the restricted sinking fund is \$577,213 (2019 - \$Nil).
- (d) For the 2019 debt issuance, the Township is contributing \$934,342 annually to a sinking fund held at the Region of York. It is anticipated that the principal will be fully funded by maturity in 2029 of \$10,000,000 with the combined sinking fund contributions and investment income. The balance in the restricted sinking fund is \$946,250 (2019 - \$Nil).

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

10. TANGIBLE CAPITAL ASSETS

	Land	Land Improvements	Facilities	Vehicles	Machinery and Equipment	Transportation Infrastructure	Environmental Infrastructure	Assets under Construction	Total 2020	Total 2019
Cost										
Balance, beginning of year	28,215,515	16,057,977	36,984,552	18,312,801	1,877,522	152,334,013	87,520,077	48,774,448	390,076,905	359,096,200
Additions during the year	-	891,205	21,119,332	427,157	319,767	5,082,467	2,107,558	(9,731,183)	20,216,303	31,793,332
Disposals/transfers during the year	-	-	-	(39,056)	(155,637)	-	-	-	(194,693)	(812,627)
Balance, end of year	28,215,515	16,949,182	58,103,884	18,700,902	2,041,652	157,416,480	89,627,635	39,043,265	410,098,515	390,076,905
Accumulated Amortization										
Balance, beginning of year	-	5,711,395	13,359,054	11,325,873	769,134	81,043,017	12,324,779	-	124,533,252	117,822,514
Amortization during the year	-	719,232	806,501	1,030,612	295,647	3,731,935	1,042,114	-	7,626,041	7,417,777
Accumulated amortization on disposal	-	-	-	(26,558)	(155,636)	-	-	-	(182,194)	(707,038)
Balance, end of year	-	6,430,627	14,165,555	12,329,927	909,145	84,774,952	13,366,893	-	131,977,099	124,533,253
Net Book Value of Tangible Capital Assets	28,215,515	10,518,555	43,938,329	6,370,975	1,132,507	72,641,528	76,260,742	39,043,265	278,121,416	265,543,652

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

10. TANGIBLE CAPITAL ASSETS (CONTINUED)

a) Assets under construction:

Assets under construction having a value of \$39,043,265 (2019 - \$48,774,448) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Tangible capital assets recognized at nominal value:

Certain assets have been assigned a nominal value because of the difficulty of determining a valuation. The most significant such asset is the land under the Township's roads which has been assigned a nominal value of one dollar per kilometer of road length.

c) Capitalization of interest:

No interest was capitalized in 2020 (2019 - \$Nil)

11. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following amounts:

	2020	2019
General purposes	(3,328,502)	(1,747,360)
King Township Library Board Annual Surplus	(11,304)	(9,529)
Holland Marsh Drainage System Joint Municipal Services Board	42,269	(10,191)
Unfunded		
Employee benefits and post-employment liabilities	(3,091,684)	(2,844,699)
Solid waste landfill and post-closure liabilities	(1,030,796)	(1,285,936)
Invested in Tangible Capital Assets	278,121,416	265,543,652
Less: Amount financed by long-term debt	(19,960,251)	(22,587,033)
Interest on long-term debt	(138,303)	(145,840)
Reserves and Reserve Funds (Note 12)	40,445,990	34,730,605
	291,048,835	271,643,669

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

12. RESERVES AND RESERVE FUNDS

	2020	2019
Reserves set aside by Council:		
Acquisition of capital assets	21,504,504	18,315,213
Recreation and culture programs and facilities	641,664	619,405
Working capital	1,832,625	1,832,625
Sick leave	1,213,073	1,113,073
Personnel matters	454,781	325,993
Planning matters	310,988	310,988
Heritage preservation	38,931	38,931
Environmental matters	448,371	452,949
Election expenditures	60,287	32,424
Current purposes	12,289,990	8,856,285
King City sewer capital costs	20,133	20,133
	38,815,347	31,918,019
Reserve funds set aside by Council:		
Acquisition of capital assets	43,975	43,469
Repayment of water and sewer debentures	562,368	1,756,601
Water system capital expenditures	1,024,300	1,012,516
	1,630,643	2,812,586
	40,445,990	34,730,605

13. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2020	2019
Decrease (Increase) in taxes receivable	213,103	(471,725)
Increase in trade and other receivables	(1,025,363)	(185,428)
(Increase) Decrease in user charges receivable and sewer receivable	(643,414)	339,092
Decrease (Increase) in inventory held for own use	40,126	(36,419)
Decrease in prepaid expenses	59,076	465,879
Increase (Decrease) in accounts payable and accrued liabilities	1,862,301	(7,057,334)
Increase in developer and other deposits	1,792,116	1,131,598
Decrease in deferred revenue	(5,844,398)	(2,273,658)
Increase in employee future benefits and other liabilities	246,985	227,119
Decrease in solid waste landfill closure and post closure liability	(255,140)	(1,624,625)
	(3,554,608)	(9,485,501)

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

14. TAXATION

Property tax billings are prepared by the Township based on an assessment roll prepared by Municipal Property Assessment Corporation (MPAC) based upon Current Value Assessment (CVA). Tax rates are established annually by Township Council, incorporating amounts to be raised for local services and the requisition made by the Region of York in respect of regional services. The Township is required to collect education taxes on behalf of the Province of Ontario. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

During the year, the following taxation revenue was raised and remitted to the Regional Municipality of York and the School Boards:

	2020	2019
Taxation revenue	86,394,348	83,680,260
Amount levied and remitted to Regional Municipality of York	(33,134,375)	(32,316,446)
Amount levied and remitted to School Boards	(18,914,554)	(18,332,425)
Net taxation	34,345,419	33,031,389

15. PENSION AGREEMENTS

The Ontario Municipal Employees Retirement System (OMERS) provides pension services to more than half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of the valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial funding deficit of \$3,211 million. OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Matching contributions made by the Township to OMERS for 2020 were \$1,265,570 (2019 - \$1,285,929).

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended December 31, 2020

16. BUDGET RECONCILIATION

The authority of Council is required before monies can be spent by the Township. Approvals are given in the form of an annually approved budget. The budget approved by the Council on January 27, 2020 differs from the budget in the Consolidated Statement of Operations as the approved budget has been adjusted to account for the material changes due to PSAB reporting requirements.

	2020
Budgeted surplus (deficit) for the year, as approved by Council	
Operating	5,526,922
Capital	(11,827,335)
Total budgeted deficit for the year, as approved by Council	(6,300,413)
Add:	
Capital expenditures carried forward from previous years	34,833,262
Decrease in landfill liability	255,140
Less:	
Amortization	(7,508,180)
Increase in post-retirement benefits	(158,042)
Budgeted surpluses for the year, per statement of operations	21,121,767

17. GOVERNMENT GRANTS

Government grant revenue is comprised of the following types of grants:

	2020	2019
Federal grants	1,832,934	915,721
Provincial grants	2,291,646	1,834,178
	4,124,580	2,749,899

18. COMMITMENTS

The Township of King has entered into the following contract:

- a) The lease of photocopiers at all Township locations at an approximate cost of \$28,390 per year. The lease will expire September 30, 2023.

The Township has numerous contracts with a variety of suppliers for future capital projects that are budgeted in the next fiscal year.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

19. CONTINGENCIES

In the ordinary course of business, various claims and lawsuits are brought against the Township. After reviewing the merits of these actions and claims with counsel and the insurers, management has incorporated a provisional estimate for any potential uninsured liability arising from these claims. Any adjustment as a result of these claims will be recognized at the time the amount is known or can be reasonably determined.

20. INSURANCE COVERAGE

The Township is self-insured for insurance claims up to \$50,000 for any individual claim and for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$50,000 to a maximum of \$5,000,000 per claim occurrence. The Township has not made any provisions for self-insurance claims under \$10,000 in the reserves. Claim costs during the year amounted to \$57,050 (2019 - \$28,926).

During the year the Township's total paid premiums was \$453,082 (2019 - \$429,223), which has been reported as an expense in the consolidated statement of operations.

21. COVID-19 IMPACT

As the impacts of COVID-19 continue, there could be further impact on the Township, constituents, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Township's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Township is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Township's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Township will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

22. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE TOWNSHIP OF KING
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

23. SEGMENTED INFORMATION

The Township provides a wide range of services to its residents. For management reporting purposes the Township's operations and activities are organized and reported by department. The following departments have been separately disclosed in the segmented information, along with a description of their services.

Accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For each reported segment, revenues and expenses represent amounts directly attributable to the segment.

Governance & Corporate Support

Includes Council, Office of the CAO, Clerks, Finance, Human Resources, Communications, Economic Development, and Information Technology services.

Fire & Emergency Services

King Fire and Emergency Services provide fire services to the residents of King. They are responsible to provide fire suppression service, fire prevention programs, training and education.

Bylaw & Building Services

The Township ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development by providing services for the approval of building permit applications.

Environmental Services

The Township provides drinking water to its citizens and collects wastewater. The solid waste and recycling program includes curbside collection of recyclables, organics, yard waste and garbage.

Roads & Related Services

This includes the safety and maintenance of the Township's paved roads, sidewalks, street lights, trees, and traffic control devices.

Planning, Development & Drainage Services

The Township creates plans for King's future. It manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods through Township planning, community development, and parks planning.

Parks & Facilities

The Township provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs.

The Township maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintains parks and playgrounds, open spaces and trail systems.

Public Library Services

The provision of library services contributes towards the information needs of the Township's citizens. The library also provides programs to local residents.

Taxation Revenue

The Township's primary source of revenue to support its operations is realized through property taxation levied against property owners on the basis of assessment value as determined by the Municipal Property Assessment Corporation.

Eliminations

The Township's consolidated financial statements incorporate the assets, liabilities and operating results of the King Township Public Library (100%) and Holland Marsh Drainage System Joint Municipal Services Board (59.15%) on a proportionate share basis.

Accordingly, all interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2020

	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Building Services	Environmental Services	Roads & Related Services	Planning, Development & Drainage Services	Parks & Facilities	Public Library Services	Eliminations	Total 2020
Revenue										
Taxation	3,554,145	710,829	1,066,244	14,571,995	7,819,119	1,421,658	6,397,462	1,819,412	(1,819,412)	35,541,452
Fees and user charges	129,391	340,374	975,996	10,899,520	429,222	646,196	714,225	4,111	(99,141)	14,039,894
Grants	1,336,869	-	-	155,754	1,798,350	67,909	735,484	30,214	-	4,124,580
Other revenue	1,627,500	346,953	84,710	2,029,782	4,716,892	691,333	4,374,460	82,769	-	13,954,399
	6,647,905	1,398,156	2,126,950	27,657,051	14,763,583	2,827,096	12,221,631	1,936,506	(1,918,553)	67,660,325
Expenses										
Salaries and benefits	4,489,520	1,757,103	1,924,820	1,290,234	2,380,609	1,156,066	4,171,778	1,314,396	-	18,484,526
Amortization on tangible capital assets	44,381	511,547	-	1,146,581	4,185,211	69,175	1,514,446	154,700	-	7,626,041
Materials and supplies	1,807,457	1,338,010	131,188	6,606,571	1,807,291	206,945	1,858,625	435,272	(99,141)	14,092,218
Contracted services	930,537	23,233	233,236	2,326,166	2,345,032	1,426,645	219,011	-	-	7,503,860
Interest on debt	198,750	-	-	134,365	344,900	-	-	-	-	678,015
Other expenses	-	-	-	(129,501)	-	-	1,819,412	-	(1,819,412)	(129,501)
	7,470,645	3,629,893	2,289,244	11,374,416	11,063,043	2,858,831	9,583,272	1,904,368	(1,918,553)	48,255,159
Net Surplus (Deficit)	(822,740)	(2,231,737)	(162,294)	16,282,635	3,700,540	(31,735)	2,638,359	32,138	-	19,405,166

THE CORPORATION OF THE TOWNSHIP OF KING

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2019

	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Building Services	Environmental Services	Roads & Related Services	Planning, Development & Drainage Services	Parks & Facilities	Public Library Services	Eliminations	Total 2019
Revenue										
Taxation	2,122,511	160,233	539,831	9,702,903	9,329,274	1,290,415	11,279,534	1,773,725	(1,773,725)	34,424,701
Fees and user charges	253,934	196,990	618,487	9,507,888	917,510	838,895	2,531,938	15,405	(214,939)	14,666,108
Grants	477,982	-	-	472,386	1,087,501	56,508	610,602	44,920	-	2,749,899
Other revenue	1,957,745	1,575	50,486	2,929,209	9,556,077	703,714	10,835,361	108,131	(73,098)	26,069,200
	<u>4,812,172</u>	<u>358,798</u>	<u>1,208,804</u>	<u>22,612,386</u>	<u>20,890,362</u>	<u>2,889,532</u>	<u>25,257,435</u>	<u>1,942,181</u>	<u>(2,061,762)</u>	<u>77,909,908</u>
Expenses										
Salaries and benefits	3,267,659	1,955,169	2,088,285	1,268,483	2,621,035	1,121,713	5,013,880	1,344,078	-	18,680,302
Amortization on tangible capital assets	40,597	660,037	-	1,078,083	4,020,704	64,743	1,410,263	143,350	-	7,417,777
Materials and supplies	1,843,751	1,073,262	138,257	6,001,744	1,819,659	260,423	2,641,391	286,821	(288,037)	13,777,271
Contracted services	1,419,436	19,856	213,076	2,293,743	2,395,609	835,936	417,423	-	-	7,595,079
Interest on debt	48,079	-	-	151,476	452,685	-	-	-	-	652,240
Other expenses	1,592	-	-	(1,506,598)	-	-	1,773,725	-	(1,773,725)	(1,505,006)
	<u>6,621,114</u>	<u>3,708,324</u>	<u>2,439,618</u>	<u>9,286,931</u>	<u>11,309,692</u>	<u>2,282,815</u>	<u>11,256,682</u>	<u>1,774,249</u>	<u>(2,061,762)</u>	<u>46,617,663</u>
Net Surplus (Deficit)	<u>(1,808,942)</u>	<u>(3,349,526)</u>	<u>(1,230,814)</u>	<u>13,325,455</u>	<u>9,580,670</u>	<u>606,717</u>	<u>14,000,753</u>	<u>167,932</u>	<u>-</u>	<u>31,292,245</u>



THE CORPORATION OF THE TOWNSHIP OF KING
REPORT TO COMMITTEE OF THE WHOLE

Wednesday, June 9th, 2021

Finance Department

Report #: FR-2021-17

RE : 2020 Lease Financing Agreement Summary

1. RECOMMENDATIONS:

The Director of Finance / Treasurer respectfully submits the following recommendations:

- a) That Finance Report FR-2021-17 be received for information purposes.

2. REPORT HIGHLIGHTS:

- The annual cost of lease financing agreements at the Township of King is \$28,389.
- The Township currently only has one lease of record for a term of 5 years for photocopiers at the various facilities.
- Expiry dates for the current agreement range from 2019 to 2023 and the remaining balance of payments to 2023 is \$85,167.
- The remaining balance of the lease payments in the future years as a percentage of the Township's combined long-term debt including leases is 0.06%

3. PURPOSE:

The purpose of this report is to comply with the Treasurer's reporting requirements as set out by Municipal Act, 2001 – Ontario Regulation 653/05, the regulations on debt related financial instruments and financial agreements.

4. BACKGROUND

Lease financing agreements represent long-term commitments of the municipality beyond the Term of Council. It is a requirement pursuant to Section 11 of the Ontario Regulation 653/05, at least once a year, the Treasurer report to Council to ensure all lease financing agreements have been made in accordance with the Township's approved budget.

Further, Section 10 of the Ontario Regulation 653/05 requires municipalities to undergo a detailed review of all lease financing agreements prior to approving any new agreements. The regulation is meant to deal with major lease financing agreements that have a material impact to the community as it requires the Treasurer and Council to review and consider several factors before entering into a material lease financing agreement.

4. ANALYSIS:

The Township’s Annual Repayment Limit must include debentures as well as long-term leases, which both affect the overall debt limit. The current debt policy for the Township is 10%, and the current lease payments do not materially affect the overall limit.

Factors to be considered include:

- fixed costs, estimated costs, effective rates of financing, contingent payment obligations
- independent legal and financial opinions
- costs and risks associated with agreements
- an assessment regarding whether the risks associated with an agreement are acceptable
- an assessment regarding whether the cost of financing in a proposed financing agreement is lower than other methods of financing available to the municipality

The Township’s active lease financing agreements as at the end of 2020 are non-material in nature. Municipalities are not required to undergo the extensive review highlighted above, prior to entering into an agreement, if there are specific policies in place and if, in the opinion of the Treasurer and Council, the proposed agreement would not result in a material impact for the community after considering, costs, risks, and other existing agreements.

5. FINANCIAL CONSIDERATIONS:

The Township currently only has one lease of record for a term of 5 years for photocopiers at various facilities. The annual cost of the lease is \$28,389 and is due to expire in 2023. There are 3 years of payments due from 2021-2023 for a total of \$85,167.

Description	Number of Units	Annual Cost	Full Term	Balance of Cost
Photocopiers	10	\$28,389	\$141,945	\$85,167

It is the opinion of the Treasurer that the lease financing agreements listed above are non-material to the Corporation and have been made in accordance with the Procurement By-law 2021-006.

The total of all other long-term debt (principal and interest) of the municipality as at December 31, 2020 as reported on Schedule 74 of the 2020 Financial Information Return (FIR) is \$24,585,466. The total financing arrangements of the Town undertaken through lease financing agreements represents 0.06% of the municipality’s combined long-term debt including leases.

6. ALIGNMENT TO STRATEGIC PLAN:

The 2019-2022 Corporate Strategic Plan was formally adopted by Council on September 21, 2020 which emphasizes all of the ICSP Pillars (Financial, Economic, Socio-Cultural and Environmental) and is also aligned with the long-term vision defined in the Official Plan. The 2019-2022 Corporate Strategic Plan aims to ensure staff initiatives focus on current Term of Council priorities in support of the Township's long-term vision to 2031.

Priority Area: Investing in Infrastructure

Objective: Maximizing Financial Capacity to Support Capital Programs

Key Action: Manage Debt and Reserves

This provides transparency and clarity to the financial capacity of the Township in meeting the objective of the Strategic Plan. It is essentially part of the overall calculation of debt that is reported to the Ministry of Municipal Affairs and Housing (MMAH).

7. CONCLUSION:

This annual report complies with the Treasurer's reporting requirements as set out by *Municipal Act, 2001 – Ontario Regulation 653/05*, the regulations on debt related financial instruments and financial agreements.

8. ATTACHMENTS:

N/A

Submitted by:

Approved for Submission:

Peggy Tollett

Peggy Tollett, CPA, CGA
Director of Finance & Treasurer

Daniel Kostopoulos_____
Daniel Kostopoulos, P.Eng.
Chief Administrative Officer



THE CORPORATION OF THE TOWNSHIP OF KING
REPORT TO COMMITTEE OF THE WHOLE

Wednesday, June 9th, 2021

Finance Department

Report #: FR-2021-18

RE : 2020 Statement of Development Charge Reserve Funds and Cash in Lieu of Parkland Reserve Funds as of December 31, 2020

1. RECOMMENDATIONS:

The Director of Finance / Treasurer respectfully submits the following recommendations:

- a) That Finance Report FR-2021-18 be received for information purposes; and
- b) That the 2020 Statement of Development Charge Reserve Funds be made publicly available as required by Section 43(2.1) of the *Development Charges Act, 1997* by means of posting on the Township of King's website, and available in printed copy upon request to the Township; and
- c) That the Statement of the Cash in Lieu of Parkland Reserve Funds be made publicly available as per the Subsection 42 of the *Planning Act, 2015*.
- d) That staff provide the 2020 Statement of Development Charge Reserve Funds to the Minister of Municipal Affairs and Housing as required by Section 43(3) of the *Development Charges Act, 1997*.

2. REPORT HIGHLIGHTS:

- As required under Section 43(1) of the *Development Charges Act, 1997* prescribes that the Treasurer shall provide Council with an annual financial statement relating to Development Charge (DC) By-laws and Reserve Funds.
- As required under Subsection 42 of the *Planning Act, 2015*, the Treasurer shall present a statement relating to Cash in Lieu of Parkland.
- Current balance of DC Reserve Funds is \$11.2 million as of December 31, 2020 of which the Township has \$12.5 million commitments leading to a \$1.3 million deficit. Staff will need to review options for potential DC debenture as part of the 2022 Budget process.
- Current balance of the Cash in Lieu of Parkland Reserve Fund is a deficit of \$18,682 as of December 31, 2020.

3. PURPOSE:

The purpose of this report is to provide Council with a financial statement relating to the Township's Development Charge By-laws and Reserve Funds as at December 31, 2020, and to satisfy reporting requirements as prescribed in the *Development Charges Act, 1997*. A financial statement related to Cash in Lieu of Parkland as pursuant to subsection 42 of the *Planning Act, 2015*.

4. BACKGROUND:

Development charges are one-time fees collected on new residential and non-residential properties to finance a portion of the capital infrastructure requirements associated with growth. The fees are collected at the time of building permit issuance. The growth-related spending authority is approved annually as part of the Township's capital budgeting process based on those capital projects that are eligible for development charge funding pursuant to the *Development Charges Act, 1997*.

The audited 2020 Financial Statements include information regarding the Township's Development Charge Reserve Funds.

Section 43(1) of the *Development Charges Act, 1997* prescribes that the Treasurer shall provide Council with an annual financial statement relating to Development Charge By-laws and Reserve Funds, as follows:

A statement must include, for the preceding year,

- (a) A statement 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 the Development Charges Act regarding no additional levies as per subsection 59.1 (1)

Council shall ensure that the statement is available to the public.

The Treasurer shall give a copy of the statement to the Minister of Municipal Affairs and Housing on request.

Cash in lieu of parkland is collected in accordance with the Planning Act and the Township by-law 2016-10. Funds received are deposited to the segregated reserve fund for parkland purposes and interest applied in accordance with township policy and procedures. Eligible disbursements from the fund are in accordance with the provisions of legislation, township policy and approved budgets.

Pursuant to Subsection 42 of the *Planning Act, 2015*, the Treasurer shall present a statement relating to Cash in Lieu of Parkland. The Treasurer's statement must include, for the preceding year,

- (a) Statement 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; and
- (c) Any other information that is prescribed. 2015, c. 26, s 28 (11).

5. ANALYSIS:

Appendix A to this report entitled “Annual Statement of Development Charge Reserve Funds” provides a summary of the opening and closing balances of each Development Charge Reserve Fund the year ended December 31, 2020. The schedule also shows any encumbrances or commitments to be funded.

Appendix B to this report entitled “Annual Statement of Reserve Fund Transfers” details each capital acquisition/project that was funded by a development charge during 2020, including all sources of funding applied to those acquisitions/projects during the year.

Development charge proceeds consist of contributions collected from developers and interest earned on these proceeds are shown separately. Transfers to capital projects are made in accordance with Township By-Law #2021-002 on the basis of details contained within the Township’s 2020 Development Charge Background Study dated January 11, 2021. Regulations stipulate that for obligatory funds, which include development charges, revenue is only recognized as expenditures are incurred. Annual adjustments are made to the capital projects to reflect the funding portion to be transferred, which is based on actual expenditures. The closing reserve fund balances represent the development charge revenue available to fund future growth-related capital works.

Appendix C to this report entitled “Listing of credits under DCA, 1997, s.38 by Holder” provides the updated status of development charge credits for the year ended December 31, 2020. Development charge credits are provided where the Township agrees to allow a developer to construct works that relate to services described within the development charge by-law. During 2020, there were \$30,000 credits granted and \$2.4 million in adjustments following the update of the DC By-law as per Appendix C of this report.

Appendix D to this report entitled “Statement of Cash in Lieu of Parkland Reserve Fund” provides a summary of the opening and closing balances of each the Cash in Lieu of Parkland Reserve Fund for the year ended December 31, 2020.

6. FINANCIAL CONSIDERATIONS:

During 2020, development charge collections totalled almost \$1.8 million and interest earnings on the development charge reserve funds totalled \$168 thousand. Development charge funding allocations to capital acquisitions and projects in 2020 totalled almost \$6.8 million. As indicated in the table below, total development charge reserve funds balances increased to \$11.2 million to support growth related costs as set forth in the Township’s 2020 Development Charge Background Study dated January 11, 2021.

Continuity of Development Charge Reserve Funds

Opening balances	\$16,097,308
Development charge collections	1,812,772
Development charge credits	(30,000)
Interest earnings	168,411
Funding allocated to capital and operating	<u>(6,810,047)</u>
Closing balances	<u>\$11,238,444</u>

During 2020, Parkland Fees collected totalled almost \$5.2 million and interest earnings on the Cash in Lieu of Parkland Reserve Fund totalled (\$194) thousand. The amount of Cash in Lieu funding allocations to capital acquisitions and projects in 2020 totalled almost \$5.3 million. As indicated in the table below, total amount of Cash in Lieu of Parkland Reserve Funds shows a deficit of \$18,682.

Cash in Lieu of Parkland Reserve Funds

Opening balances	(\$18,454)
Parkland Fees collected	5,228
Interest earnings	(194)
Funding allocated to capital	(5,261)
Closing balances	<u>(\$18,682)</u>

7. ALIGNMENT TO STRATEGIC PLAN:

The 2019-2022 Corporate Strategic Plan was formally adopted by Council on September 21, 2020, which emphasizes all of the ICSP Pillars (Financial, Economic, Socio-Cultural and Environmental) and is also aligned with the long-term vision defined in the Official Plan. The 2019-2022 Corporate Strategic Plan aims to ensure staff initiatives focus on current Term of Council priorities in support of the Township's long-term vision to 2031.

Priority Area: Investing in Infrastructure

Objective: Maximizing Capacity to Support Capital Programs

Key Action: Manage Debt and Reserves

The use of development charges supports the capital program within the objective of the Strategic Plan. Reporting on our development charges and parkland reserves is a requirement for the Ministry of Municipal Affairs and Housing (MMAH) as part of providing transparency within the Township.

8. CONCLUSION:

As part of the annual report for the *Development Charges Act, 1997* and the *Planning Act, 2015*, the Treasurer shall present a statement relate to the Development Charges Reserve Fund Balances and the Cash in Lieu of Parkland Reserve Fund Balances for balances as of December 31, 2020.

9. ATTACHMENTS:

Appendix 'A' - 2020 Annual Statement of Development Charge Reserve Funds

Appendix 'B' - 2020 Annual Statement of Reserve Fund Transfers

Appendix 'C' - 2020 Listing of Credits under DCA, 1997, s. 38 by holder

Appendix 'D' – Statement of Cash in Lieu of Parkland Reserve Fund

Submitted by:

Approved for Submission:

Peggy Tollett

Peggy Tollett, CPA, CGA
Director of Finance & Treasurer

Daniel Kostopoulos
Daniel Kostopoulos, P.Eng.
Chief Administrative Officer

TOWNSHIP OF KING
2020 Annual Statement of Development Charge Reserve Funds

FR-2021-18 Appendix 'A'

	Growth Studies	Fire	Parks (Outdoor)	Recreation (Indoor)	Library	Road & Related	Water	King City Sewer	Nobleton Sewer	Water & Wastewater Studies	Parking	Total
Opening Balance - January 1, 2020	\$ 292,144	\$ 1,198,427	\$ 317,351	\$ 5,825,207	\$ (170,545)	\$ 5,014,094	\$ 652,867	\$ 2,060,903	\$ 791,867	\$ 107,202	\$ 7,791	\$ 16,097,307
Revenue												
Development Charge	\$ 61,327	\$ 81,055	\$ 264,950	\$ 356,016	\$ 98,522	\$ 688,983	\$ 86,607	\$ 142,012	\$ 7,708	\$ 25,048	\$ 543	\$ 1,812,772
Interest Earned	\$ 3,546	\$ 14,062	\$ 3,912	\$ 52,239	\$ (1,442)	\$ 52,482	\$ 8,071	\$ 24,815	\$ 9,263	\$ 1,369	\$ 94	\$ 168,411
Total Revenues	\$ 64,873	\$ 95,117	\$ 268,863	\$ 408,255	\$ 97,080	\$ 741,466	\$ 94,678	\$ 166,827	\$ 16,971	\$ 26,417	\$ 637	\$ 1,981,183
Expenditures												
Development Charge Credits Used By Holder	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,000)
Transfers to Capital	\$ -	\$ (337,843)	\$ (104,853)	\$ (2,435,279)	\$ (17,941)	\$ (3,698,979)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,594,895)
Transfers to Operating	\$ (197,155)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,997)	\$ -	\$ (215,152)
Total Expenditures	\$ (197,155)	\$ (337,843)	\$ (134,853)	\$ (2,435,279)	\$ (17,941)	\$ (3,698,979)	\$ -	\$ -	\$ -	\$ (17,997)	\$ -	\$ (6,840,046)
Closing Balance - December 31, 2020	\$ 159,863	\$ 955,701	\$ 451,361	\$ 3,798,183	\$ (91,407)	\$ 2,056,581	\$ 747,545	\$ 2,227,730	\$ 808,838	\$ 115,622	\$ 8,427	\$ 11,238,444
Encumbrance	\$ 20,756	\$ 362,757	\$ 230,119	\$ 7,743,707	\$ 75,659	\$ 4,096,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,529,496
Closing Balance Net of Encumbrance - December 31, 2020	\$ 139,107	\$ 592,944	\$ 221,241	\$ (3,945,525)	\$ (167,066)	\$ (2,039,916)	\$ 747,545	\$ 2,227,730	\$ 808,838	\$ 115,622	\$ 8,427	\$ (1,291,052)

Note 1: Development Charge Reserve Balance is reduced by \$12,529,496.00 to reflect Encumbrances for approved Capital Projects not completed yet.
 Note 2: See Schedule B for details

TOWNSHIP OF KING

2020 Annual Statement of Reserve Fund Transfers

FR-2021-18

Appendix 'B'

Project Description	Funding					Encumbrance		
	DC	Operating Fund	Other Reserve / Reserve Fund	Grants and Other Revenue	Total	DC	Non-DC	Total
Roads - Property Acquisition - 10th Conc King Rd. to 15th Sdrd.	\$ 13,493	\$ 1,069	\$ 6,959	\$ -	\$ 21,521	\$ 477,955	\$ 305,916	\$ 783,871
Roads - Property Acquisition - 15th Sdrd 10th Conc to Hwy 27	\$ 21,029	\$ 14,511	\$ -	\$ -	\$ 35,540	\$ 322,161	\$ 229,203	\$ 551,364
15th Sdrd, Hwy 27 to 8th Con	\$ 1,658,395	\$ 17,451	\$ 268,193	\$ 1,159,206	\$ 3,103,246	\$ 469,244	\$ 408,821	\$ 878,065
King Rd, Dufferin St to 2585 King Road	\$ 1,777,996	\$ 417,975	\$ -	\$ 677,193	\$ 2,873,164	\$ 2,827,137	\$ 1,604,760	\$ 4,431,897
Roads Total	\$ 3,470,913	\$ 451,007	\$ 275,153	\$ 1,836,399	\$ 6,033,471	\$ 4,096,498	\$ 2,548,701	\$ 6,645,198
Trail Development/ Linkages	\$ 18,707	\$ 2,257	\$ -	\$ -	\$ 20,964	\$ -	\$ -	\$ -
Maidenstone Neighbourhood Park Phase 1	\$ 58,980	\$ 47,387	\$ -	\$ -	\$ 106,367	\$ -	\$ -	\$ -
Genview Park PPB	\$ 4,121	\$ 3,511	\$ -	\$ -	\$ 7,632	\$ 135,359	\$ 115,306	\$ 250,665
Nobleton Lions Community Park Phase 3	\$ 4,950	\$ 550	\$ -	\$ -	\$ 5,500	\$ 28,350	\$ 3,150	\$ 31,500
Trail Development (DC) - N1 Cold Creek to Bolton	\$ 18,094	\$ 2,010	\$ -	\$ -	\$ 20,105	\$ 66,411	\$ 7,379	\$ 73,790
King Station_Pedestrian Bridge	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -
Cold Creek Building Expansion	\$ 10,393	\$ 3,968	\$ -	\$ -	\$ 14,360	\$ 728,550	\$ 278,137	\$ 1,006,688
KTMC - 2585 King Road	\$ (414,261)	\$ -	\$ 735,342	\$ -	\$ 321,080	\$ -	\$ -	\$ -
Township Wide Recreation Complex	\$ 539,427	\$ 16,299	\$ -	\$ -	\$ 555,726	\$ 6,793,422	\$ 7,705,267	\$ 14,498,689
Nobleton Tennis Clubhouse	\$ 47,349	\$ -	\$ 5,261	\$ -	\$ 52,610	\$ 221,735	\$ 24,637	\$ 246,372
Nobleton Arena Building Expansion	\$ 18,183	\$ (12,371)	\$ -	\$ -	\$ 5,812	\$ -	\$ -	\$ -
Parks & Recreation Total	\$ 335,943	\$ 63,610	\$ 740,603	\$ -	\$ 1,140,156	\$ 7,973,827	\$ 8,133,876	\$ 16,107,703
King City Library and Seniors Centre Expansion	\$ 2,234,188	\$ 25,887	\$ (26,472)	\$ 117,223	\$ 2,350,827	\$ -	\$ -	\$ -
Collection Development	\$ 17,941	\$ -	\$ -	\$ 3,520	\$ 21,461	\$ 75,659	\$ 6,880	\$ 82,539
Library Total	\$ 2,252,129	\$ 25,887	\$ (26,472)	\$ 120,743	\$ 2,372,288	\$ 75,659	\$ 6,880	\$ 82,539
PRC - NEW 50 HP Tractor w. Quick Attach Loader	\$ 60,718	\$ 6,746	\$ -	\$ -	\$ 67,464	\$ -	\$ -	\$ -
PRC - NEW 550 4x4 Roll Off w/ Refuse Body	\$ 167,348	\$ 18,594	\$ -	\$ -	\$ 185,942	\$ -	\$ -	\$ -
FIRE - Pumper Rescue Truck	\$ 337,843	\$ -	\$ -	\$ -	\$ 337,843	\$ 362,757	\$ -	\$ 362,757
Fleet and Equipment Total	\$ 565,909	\$ 25,341	\$ -	\$ -	\$ 591,250	\$ 362,757	\$ -	\$ 362,757
King Official Plan	\$ 14,583	\$ -	\$ -	\$ -	\$ 14,583	\$ -	\$ -	\$ -
Stormwater Master Plan	\$ 76,178	\$ -	\$ -	\$ -	\$ 76,178	\$ 20,756	\$ 2,307	\$ 23,063
Water & Wastewater Master Plan	\$ 17,997	\$ -	\$ -	\$ -	\$ 17,997	\$ -	\$ -	\$ -
Transportation Master Plan	\$ 11,284	\$ -	\$ -	\$ -	\$ 11,284	\$ -	\$ -	\$ -
DC Background Studies	\$ 95,109	\$ -	\$ -	\$ -	\$ 95,109	\$ -	\$ -	\$ -
Studies Total	\$ 215,152	\$ -	\$ -	\$ -	\$ 215,152	\$ 20,756	\$ 2,307	\$ 23,063
Total Projects Payments	\$ 6,840,046	\$ 565,845	\$ 989,284	\$ 1,957,142	\$ 10,352,316	\$ 12,529,496	\$ 10,691,763	\$ 23,221,259

TOWNSHIP OF KING

2020 Listing of Credits under DCA, 1997, s. 38 by holder

FR-2021-18

Appendix 'C'

Credit Holder	Applicable DC Reserve Fund	Credit Balance Beginning of Year	Administrative Adjustments	Credits Used BY Holder During Year	Credit Balance End of Year
DiPoce	Roads & Related	\$ 80,855	\$ -	\$ -	\$ 80,855
1808629 Ontario Limited (Fandor - Nobleton)	Parks - Outdoor	\$ 25,315	\$ -	\$ -	\$ 25,315
Fandor (Nobleton) concurrent works	Roads & Related	\$ 29,560	\$ -	\$ -	\$ 29,560
Fandor (Nobleton) concurrent works	Wastewater - Nobleton	\$ 88,986	\$ -	\$ -	\$ 88,986
Hickory Hills Investments Inc.	Roads & Related	\$ 137,000	\$ -	\$ -	\$ 137,000
King Station Inc.	Parks - Outdoor	\$ 30,000	\$ -	\$ (30,000)	\$ -
2149629 Ontario Inc. (Kingview - King City)	King City Sewer	\$ 3,100,850	\$ -	\$ -	\$ 3,100,850
2149629 Ontario Inc. (Kingview - King City)	Water	\$ -	\$ 935,675	\$ -	\$ 935,675
Mary Lake Estates	Roads & Related	\$ -	\$ 237,200	\$ -	\$ 237,200
2015 DCBSA	Water	\$ -	\$ 194,400	\$ -	\$ 194,400
2015 DCBSA	Water	\$ -	\$ 800,000	\$ -	\$ 800,000
2015 DCBSA	Water	\$ -	\$ 468,000	\$ -	\$ 468,000
King Dufferin Developments CR Inc.	Roads & Related	\$ 27,000	\$ (27,000)	\$ -	\$ -
Hamley's Developments Inc. (Nobleton)	Parks - Outdoor	\$ 25,315	\$ (25,315)	\$ -	\$ -
King Station - pedestrian bridge	Parks - Outdoor	\$ 30,000	\$ (30,000)	\$ -	\$ -
King Dufferin Developments CR Inc. (King City)	Roads & Related	\$ 27,000	\$ (27,000)	\$ -	\$ -
Hamley's Developments Inc. (Nobleton)	Parks - Outdoor	\$ 60,315	\$ (60,315)	\$ -	\$ -
	Total	\$ 3,662,196	\$ 2,465,645	\$ (30,000)	\$ 6,097,841



THE CORPORATION OF THE TOWNSHIP OF KING
REPORT TO COMMITTEE OF THE WHOLE

Wednesday, June 9th, 2021

Finance Department

Report #: FR-2021-20

RE: Q1 Capital Status Update and Closed Capital

1. **RECOMMENDATIONS:**

The Director of Finance / Treasurer respectfully submits the following recommendations:

- a) That the 15 capital projects listed on Appendix A be closed and the unaudited net capital project surplus of \$13,936 be transferred back to/(from) the original sources of funding.
- b) If any additional costs or technical adjustments are required, the Treasurer be authorized to re-open the capital project(s) to adjust within budget.
- c) That a new capital project be established in the amount of \$50,000 to purchase a Gradall to be funded by the Public Works 2021 Operating Budget

2. **HIGHLIGHTS**

- This report provides a status update of capital projects at the end of the first quarter (March) 2021.
- A summary of the 15 projects that are now complete and to be closed is included in Appendix A. A net surplus of \$13,936 will be transferred back to its original funding sources.
- The status of the 92 active and open capital projects remaining is provided in Appendix B.
- Six (6) scope changes and seven (7) budget transfers relating to capital budget projects were processed in Q1.
- The Township received a one-time doubling of Federal Gas Tax funding of \$747,338 which will be allocated to capital projects within Public Works.

3. **PURPOSE:**

The purpose of this report is to identify capital projects that can be closed and return any surplus funds to its original source of funding. This report also updates Council of any required in-year changes to capital projects and provides a detailed update on the status of all active and open capital projects.

4. **DISCUSSION AND ANALYSIS:**

Capital Projects are managed by Project Managers and other staff across the Township. On a quarterly basis, Township staff conducts a complete review of all open capital projects. The purpose of this exercise is to:

- ensure departments are fulfilling their capital project commitments;
- monitor capital project spending to anticipate surpluses or deficits; and
- close completed capital projects to return any surplus funding back into Township reserves for future uses or funding requirements.

Completed and Closed Capital Projects (Appendix A)

Appendix A to this report identifies 15 completed capital projects to be closed, with surplus funds of \$13,936 to be returned to the original funding sources as detailed in the financial implications section of this report.

Status of Active and Open Capital Projects (Appendix B)

In the January 2021 report, there were 61 active and open capital projects. As summarized below, the 61 capital projects have been increased to 92 active and open capital projects:

Township of King - # of Capital Projects	
# of Projects Carried Forward into 2021 from prior years	65
# of New Projects Approved in 2021 Capital Budget	41
# of New Projects Added in Q1 2021, Approved by CAO/Treasurer	1
- Gradall (Project 2147)	
# of Projects Closed in Q1 2021, as recommended in this report	-15
Balance of Current Active Projects	92

5. FINANCIAL IMPLICATIONS:

Staff recommend closing 15 projects as identified in Appendix A and surplus funds of \$13,936 to be returned to the original funding sources as listed below.

Funding Source	Amount of Transfer to/(from) Reserve
Growth & New Infrastructure Reserve Fund	\$ 5,623
DC – Roads & Related Services Reserve Fund	8,313
Total	\$ 13,936

Surpluses and Deficits

The 15 projects to be closed are shown in Appendix A with the surplus or deficit balance of the individual project as at Q1 2021. The figures shown are unaudited and may change because of final invoices, internal cost recoveries, or accruals. All projects in a deficit position/with a budget shortfall have a variance below the lesser of 15% of the gross expenditure budget or \$15,000 are funded by original funding sources as per the Procurement Bylaw 2021-006.

Scope Changes

Scope Change means any change to the scope of a contract to accommodate a need not originally provided for in the contract and which may include the acquisition of additional deliverables or the extension of the term of the contract and which may require an adjustment to the contract price.

The following capital project scope changes have been authorized by the Department Head, Treasurer, and the CAO in accordance with the Procurement By-law 2021-006, Section 18.2.1.

a) Dew Street Subdivision Civil Works – Adjustment to the Contract Price (Project 6420)

Due to additional work needed and contract change orders, staff were required to increase the contract price by \$161,047 which is still within the approved budget funded by a letter of credit from the developer. This increase is made up of the following:

- An increase in contract value to extend over-run quantity of base scope items including linear meters of CCTV inspection and flushing and extension of provisional items such as top works and water boxes for a total of \$115,883 to complete work up to Township standards.
- An additional \$24,372 in consultant charges over the original contract.
- And lastly an increase of \$20,792 in contract value for the repaving of a portion of King Boulevard and Dew Street intersection.

b) Conversion of Gravel Roads – Additional Deliverables (Project 7619)

Due to pricing efficiency received from the paving contractor, staff will be adding three (3) more roads to the Conversion of Gravel Roads project within the approved budget including:

- 16th Sideroad – Concession 10 to Concession 11
- 16th Sideroad – Concession 11 to Concession 12
- Davis Road – 2nd Concession to Schomberg River

c) Stormwater Master Plan – (Project 2143)

Due to additional work needed to complete the study, additional funding was required to increase the budget from the original contract price of \$205,215 by \$57,000, for a revised budget of \$262,215. The budget increase will be funded by the Township Initiatives Reserve Fund and the Development Charge (DC) Water Reserve Fund. The increase is made up of the following:

- Additional field surveys for Stormwater Management facilities in the amount of \$8,919.
- Additional costs incurred to establish a storm water levy approach for \$33,255.
- Increase of \$14,826 due to the Covid-19 pandemic extra charges for the Public Information Centre #1.

d) Gradall – New Capital Project Funded by Operating Budget – (Project 2147)

In past years the Roads division has outsourced Gradall services at a cost of over \$100,000 per year. Recently they received an opportunity to purchase a used Gradall in very good condition for approximately \$50,000. Staff performed inspections and are satisfied that the equipment is in good working order and would suit their needs for road maintenance and other tasks. This purchase will allow Roads staff to perform the work in-house instead of contracting the work out which will reduce expenses in the long run. The purchase of this Gradall will be funded by a one-time transfer from the Roads division's 2021 operating budget and will not impact the capital budget. Staff recommend that a new capital project be established in the amount of \$50,000 for acquisition of the Gradall.

e) King Township Public Library – (Project 7504)

Due to additional work related to design modifications of the floor plan and land conditions that needed to be addressed, staff requested an increase to the contract price and budget by \$561,125. The original budget of \$10,764,000 plus additional funding of \$561,125 for a total budget of \$11,325,125. The budget increase will be funded equally between the Library Board’s Administrative Reserve and the Development Charge Recreation Reserve Fund.

f) Nobleton Sewers Phase II – (Project 3200 & 5919)

Due to additional utilities coordination and relocation costs incurred from Enbridge, Bell and Rogers, staff requested an increase to the contract price and budget from \$6,955,283 to \$7,953,182. The additional \$997,889 of work was funded by Bell Canada, a grant from Clean Water and Wastewater Fund (CWWF), and the balance from the Wastewater Reserve Fund.

Budget Transfers

Budget Transfers mean the transfer of additional resources or funding that will be required to complete a project approved in the Budget. The following budget transfers have been authorized by the Director of Finance / Treasurer and the CAO in accordance with Procurement By-law 2021-006 Section 5.2.7(a) and 5.3.8. The project manager must identify available funding from another approved capital project with the same funding sources for a transfer to be approved.

- a) Capital project 40-15-6418-0000 “8th Conc – King Rd to 15th Sideroad (design only)” had a shortfall of \$21,521. The shortfall was funded from the Infrastructure Rehabilitation & Replacement Reserve Fund of capital project 40-15-5217-0000 “Roads – Property Acquisition – 10th Conc King Rd to 15th Sideroad”.

G/L	Project	Budget before Transfer	Transferred to / (from)	Budget After Transfer
40-15-6418-0000	8 th Conc – King Rd to 15th Sideroad (design only)	\$ 67,749	\$ 21,521	\$ 89,270
40-15-5217-0000	Roads – Property Acquisition – 10th Conc King Rd to 15th Sdrd	\$ 1,500,000	\$ (21,521)	\$ 1,478,479

- b) Capital project 40-16-9720-4900 “PRC - New Single Axle 4x4 Dump Truck and Plow – DC23” has an estimated shortfall of \$28,000 based on a quotation received in Q1. To fund the shortfall, staff recommend a transfer of \$25,200 from the DC Reserve Fund – Roads & Related, of capital project 40-16-2107-4900 “3/4 Pickup w/ Plow and Sander DC 25/22” and \$2,800 from the Growth & New Infrastructure Reserve Fund to cover any deficit within the \$15,000 or 15% lesser of the two as per the Procurement by-law.

G/L	Project	Budget before Transfer	Transferred to / (from)	Budget After Transfer
40-16-9720-4900	PRC - New Single Axle 4x4 Dump Truck and Plow – DC23	\$ 85,000	\$ 28,000	\$ 113,000
40-16-2107-4900	3/4 Pickup w/ Plow & Sander DC 25/22	\$ 97,800	\$ (25,200)	\$ 72,600

- c) Capital project 40-16-2115-0000 “Utility Trailer (737-13)” had a shortfall of \$4,857. The shortfall was funded from capital project 40-16-2114-0000 “Tandem Dump Trailer (736-10)”.

G/L	Project	Budget before Transfer	Transferred to / (from)	Budget After Transfer
40-16-2115-0000	Utility Trailer (737-13)	\$ 10,000	\$ 4,857	\$ 14,857
40-16-2114-0000	Tandem Dump Trailer (736-10)	\$ 10,000	\$ (4,857)	\$ 5,143

- d) Capital project 40-16-6819-0000 “Pottageville Ball Diamond/ Tennis” had a shortfall of \$20,484. The shortfall was funded by capital project 40-16-8920-0000 “PRC - Vermeer BC Chipper (767-07) (2002) Replacement” which has a surplus of \$9,261. The remaining shortfall of \$11,223 is within the Procurement by-law limit and has been approved by the CAO and Treasurer.

G/L	Project	Budget before Transfer	Transferred to / (from)	Budget After Transfer
40-16-6819-0000	Pottageville Ball Diamond/ Tennis	\$ 600,000	\$ 9,261	\$ 609,261
40-16-8920-0000	PRC - Vermeer BC Chipper (767-07) (2002) Replacement	\$ 90,000	\$ (9,261)	\$ 80,739

- e) Staff consolidated three (3) capital projects relating to Culverts 205, 207, 208 and 210 into a single project named “Bridge & Culvert Annual Relining/Rehab of Bridges & Culverts”.

G/L	Project	Changes	Budget before Transfer	Transferred to / (from)	Budget After Transfer
40-15-7219-0000	Culverts 205, 207 and 208, 7th Con N. of King Rd	Removed	\$ 60,000	\$ (60,000)	\$ -
40-15-7319-0000	Culvert 210, King Caledon Townline	Removed	\$ 25,000	\$ (25,000)	\$ -
40-15-7320-0000	Bridge & Culvert Annual Relining/Rehab of Bridges & Culverts	Created in Capital Budget 2020	\$ 2,097,338	\$ 85,000	\$ 2,182,338

- f) Staff consolidated three (3) capital projects relating to Schomberg Watermain and Road Reconstruction to maximize funding and simplify expense tracking. The project was renamed the “Schomberg Water Infrastructure Improvement Program”.

G/L	Project	Changes	Budget before Transfer	Transferred to / (from)	Budget After Transfer
40-15-7719-0000	Brownsville Road Reconstruction	Removed	\$ 380,000	\$ (380,000)	\$ -
40-20-2140-0000	Schomberg Watermain Infrastructure Repairs & Replacement	Removed	\$ 608,548	\$ (608,548)	\$ -
40-20-7120-0000	Schomberg Watermain Relining / Replacement	Renamed to "Schomberg Water Infrastructure Improvement Program"	\$ 1,700,000	\$ 988,548	\$ 2,688,548

- g) Staff reallocated OCIF funding (Ontario Community Infrastructure Funding) of \$605,548 from capital project 40-15-7320-0000 “Bridge & Culvert Annual Relining/Rehab of Bridges & Culverts” to capital project 40-16-6517-0000 “King Rd, Dufferin St to 2585 King Road” to make use of the 2020 OCIF grant allocation.

G/L	Project	Budget before Transfer	OCIF Grant Funding	Infrastructure Rehabilitation & Replacement Reserve Funding	Growth & New Infrastructure Reserve Funding	Budget After Transfer
40-15-7320-0000	Bridge & Culvert Annual Relining/Rehab of Bridges & Culverts	\$ 2,182,338	\$ (608,548)	\$ 608,548	\$ -	\$ 2,182,338
40-16-6517-0000	King Rd, Dufferin St to 2585 King Road	\$ 8,000,000	\$ 608,548	\$ (557,404)	\$ (51,144)	\$ 8,000,000

Additional Federal Gas Tax Funding in 2021

The Township received a one-time doubling of Federal Gas Tax funding in 2021 in the amount of \$747,338.

The additional amount will be allocated as follows:

- a) \$150,000 allocated to the 2021 Paving Program (Project 2127). The Road Infrastructure Program budget has been increased from \$1,538,800 to \$1,688,800 to fund the 2 roads listed within the approved budget.
- Dufferin Street – Juliana Road to Graham Sideroad
 - Dufferin Street – Millers Sideroad to 0.7km North of Millers Sideroad
- b) \$597,338 allocated to the Bridges and Culverts (Project 7320) specifically focused on Culvert 208 – Replacement.

Adjustments from Prior Years

a) King Township Municipal Centre Capital Project (6074) – Redirection of sale proceeds

Staff redirected \$2.5M of the proceeds from the sale of the old Township Municipal Centre to the King City Sewer Debenture Reserve. In the last Capital Close report presented to Council in January 2021, the surplus of the King Township Municipal Centre was reported as \$635,018, but inadvertently, this did not include some budget changes during the active years of the capital project. Changes included contributions from developers for the sanitary sewer and from the York Regional Police totalling \$1,070,000, higher proceeds of sale from the old Township Municipal Centre of \$2,250,000, a reduction in the debt financing for the new Municipal Centre of \$2,500,000 and a minor unbudgeted cost recovery of \$1,761. This resulted in net additional funds of \$821,761 for the capital project leaving a total surplus of \$1,456,779. This surplus has been allocated back to the reserve funds of the original budget except that the portion allocated to the Land Acquisition reserve fund will be directed to fund the deficit in the King City Sewer Debenture. This leaves a balance of \$3,102,086 in the King City Sewer Debenture reserve fund which will be funded by the future sale of excess lands within the Township.

\$ 452,104	Infrastructure Rehabilitation & Replacement Reserve Fund
\$ 150,701	DC – Parks & Recreation Services
<u>\$ 853,974</u>	<u>Land Acquisition Reserve Fund (Direct to the King City Sewer)</u>
\$1,456,779	Total allocation to reserve funds

b) Gasoline Spill

In 2019, a gasoline spill occurred on Keele Street which is York Region Road and right-of-way. Township staff were proactive in mitigating impacts of the environmental spill and hired an external company for the cleanup. The Township attempted to recover costs spent through insurance, but the claim was denied repeatedly as the policy does not cover 3rd party ownership and not on Township infrastructure. The total cost was shared between York Region and the Township, where King incurred costs of \$452,789 funded by the Growth and New Infrastructure Reserve Fund. There is currently an outstanding claim by the external company so additional adjustments may be required. If so, staff will report back to Council in a report.

6. **OFFICIAL PLAN AND INTEGRATED SUSTAINABILITY PLAN LINKAGE:**

The 2019-2022 Corporate Strategic Plan was formally adopted by Council on September 21, 2020, which emphasizes all of the ICSP Pillars (Financial, Economic, Socio-Cultural and Environmental) and is also aligned with the long-term vision defined in the Official Plan. The 2019-2022 Corporate Strategic Plan aims to ensure staff initiatives focus on current Term of Council priorities in support of the Township's long-term vision to 2031.

Priority Area: Investing in Infrastructure

Objective: Maximizing Financial Capacity to Support Capital Programs

Key Actions: Manage Debt & Reserves

The quarterly report provides an opportunity to report on investments within the infrastructure of our Capital Program which is essential to the Strategic Plan. By closing projects or re-allocating funds where need provide effective use of managing our reserves.

7. CONCLUSION

All capital projects closed will have any balance of funding returned to its original sources. Additional reports will be brought forward quarterly to provide further updates on capital projects in 2021.

8. ATTACHMENTS

- Appendix A - Closed Capital
- Appendix B - Status of Active Capital Project

Prepared By:

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Manager of Budget & Financial
Reporting

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Approved for Submission By:

Daniel Kostopoulos

Daniel Kostopoulos, P.Eng.
Chief Administrative Officer

DEPARTMENT	GL Account #	Project #	DEPARTMENT AND PROJECT/ITEM	Funded Budget	Total Spending	Favourable / (Unfavourable) Variance	FUNDS TRANSFERRED TO / (FROM) RESERVE FUNDS			Comments
							Growth & New Infrastructure	DC Reserve Fund	Total Funding	
Community Services										
Parks	40-16-6819-0000	6819	Pottageville Ball Diamond/ Tennis (\$600,000)	609,261	620,484	(11,223)	(11,223)		(11,223)	
			Total Parks	609,261	620,484	(11,223)	(11,223)	-	(11,223)	
Parks - Fleet	40-16-9220-4900	9220	PRC - NEW Landscaping Trailer - DC15	15,000	5,763	9,237	924	8,313	9,237	
	40-16-8920-4900	8920	PRC - Vermeer BC Chipper (767-07) (2002) Replacement	80,739	80,739	-	-	-	-	
	40-16-8519-4900	8519	PRC - SUV	15,000	14,588	412	412		412	Consolidated to purchase one vehicle
	40-16-8619-4900	8619	PRC - Facilities Vehicle	15,000	14,588	412	412		412	Consolidated to purchase one vehicle
	40-16-8719-4900	8719	PRC - Facilities (Electric)	15,000	14,588	412	412		412	Consolidated to purchase one vehicle
	40-16-2112-0000	2112	44HP Tractor (754-10)	60,000	52,324	7,676	7,676		7,676	
	40-16-2114-0000	2114	Tandem Dump Trailer (736-10)	5,143	5,153	(10)	(10)		(10)	
	40-16-2115-0000	2115	Utility Trailer (737-13)	14,857	14,857	-	-		-	
			Total Parks - Fleet	220,739	202,602	18,139	9,826	8,313	16,139	
Facilities	40-17-7504-0000	7504	King City Library and Seniors Centre Expansion & Renovation	11,325,125	11,325,125	-	-	-	-	
			Total Recreation - Facilities	11,325,125	11,325,125	-	-	-	-	
Total for Community Services				12,155,125	12,148,211	6,915	(1,397)	8,313	6,916	
Public Works										
Roads Fleet	40-15-8620-4900	8620	ROAD - Single Axle Dump Truck (835)	250,000	251,120	(1,120)	(1,120)		(1,120)	
Water & Wastewater - Fleet	40-20-8220-4900	8220	WATER - Van (608) advance from 2021	45,000	36,860	8,140	8,140		8,140	
			Total Public Works - Fleet & Equipment	295,000	287,980	7,020	7,020	-	7,020	
Roads / Engineering	40-15-6418-0000	6418	8th Conc. - King Road to 15th Sideroad (Design Only)	89,271	89,271	-	-		-	
	40-15-9919-0000	9919	Gasoline Spill	452,789	452,789	-	-		-	
			Total Roads / Engineering	542,060	542,060	-	-	-	-	
Water & Wastewater	40-21-3200-0000	3200	Nobleton Sewers Phase II design and proposal	7,953,182	7,953,182	-	-	-	-	
			Total Water and Sewer Projects	7,953,182	7,953,182	-	-	-	-	
Total for Public Works				8,790,241	8,783,222	7,020	7,020	-	7,020	
TOTAL APPROVED CAPITAL BUDGET				20,945,367	20,931,433	13,936	5,623	8,313	13,936	

Appendix B to Finance Report FR-2021-20 - Q1 Capital Status Update and Closed Capital
Status of Active Capital Projects

Appendix "B"

DEPARTMENT	GL Account #	Project #	DEPARTMENT AND PROJECT/ITEM	Estimated Completion date	Funded Budget	Total Spending	Favourable / (Unfavourable) Variance	
Office of the CAO								
Information Technology	40-11-2101-0000	2101	Equipment for Internet, Disaster Recovery, Software Implementation	Q3 2021	130,000	71,748	58,252	
Total Information Technology						130,000	71,748	58,252
Total for Office of the CAO						130,000	71,748	58,252
Community Services								
Parks	40-16-6818-0000	6818	Dog Leash Free Park (DC # 11)	Q2 2021	50,000	22,423	27,577	
	40-16-6319-0000	6319	Trail Development (DC) - N1 Cold Creek to Bolton (\$100,000)	Q4 2023	100,000	26,210	73,790	
	40-16-6419-0000	6419	Fox Trail Park (Replacement)	Q3 2022	180,000	5,148	174,852	
	40-16-6519-0000	6519	Lions Park Playground (\$200,000) Schomberg	Q3 2021	200,000	141,936	58,064	
	40-16-6719-0000	6719	Genview Park PPB DC #13 (\$270,000)	Q4 2021	270,000	19,335	250,665	
	40-16-6919-0000	6919	Skatepark - Schomberg (DC # 32) at Trisan Ctr	Q3 2022	250,000	-	250,000	
	40-16-6820-0000	6820	Tomlinson Gardens Neighbourhood Park Phase 1 (\$420,000)	Q4 2021	420,000	-	420,000	
	40-16-6920-0000	6920	Kettle Lake Park PPB DC #14 (\$235,200)	Q4 2021	235,200	2,646	232,554	
	40-16-7020-0000	7020	Blue Heron PPB DC #15 (\$197,200)	Q4 2021	197,200	-	197,200	
	40-16-7720-0000	7720	Trail Development (DC) - N21 (\$600,000)	Q4 2023	202,000	-	202,000	
	40-16-7820-0000	7820	Nobleton Lions Community Park Phase 3 (\$370,000)	Q4 2023	370,000	5,500	364,500	
	40-16-2102-0000	2102	Schomberg Tennis Court Reconstruction	Q2 2022	250,000	-	250,000	
	40-16-2103-0000	2103	Tasca Community Park Phase 2 - DC#9, 22 (\$1,564,400)	Q4 2022	150,000	-	150,000	
	40-16-2104-0000	2104	St. Andrews Park Upgrade (DC, intensification) (\$400,000)	Q4 2022	40,000	-	40,000	
	40-16-2105-0000	2105	OSIN Park Phase 2 (DC #10) (\$491,260)	Q4 2022	53,900	-	53,900	
	40-16-2106-0000	2106	Rubberized Surface for Dean Plummer Playground	Q2 2021	70,000	-	70,000	
	Total Parks					3,038,300	223,199	2,815,101
	Parks - Fleet	40-16-9420-4900	9420	PRC - NEW 3/4 Ton 4x4 Pickup Truck - DC26	Q4 2021	60,000	-	60,000
		40-16-9720-4900	9720	PRC - NEW Single Axle 4x4 Dump Truck and Plow - DC23	Q4 2022	113,000	-	113,000
		40-16-2107-0000	2107	NEW - 3/4 Pickup w. Plow & Sander DC 25/22	Q4 2021	72,600	-	72,600
		40-16-2108-0000	2108	NEW - Landscaping Trailer - DC19	Q4 2021	17,800	-	17,800
40-16-2109-0000		2109	NEW - Utility Van Facilities	Q4 2021	45,000	-	45,000	
40-16-2110-0000		2110	Chevrolet Silverado 3500 4x4 / 1 Ton Crew Cab Truck (702-13)	Q4 2021	95,000	-	95,000	
40-16-2111-0000		2111	John Deere 3720 (752-13)	Q4 2021	60,000	-	60,000	
40-16-2113-0000		2113	Tandem Dump Trailer (735-10)	Q2 2021	10,000	-	10,000	
Total Parks - Fleet					473,400	-	473,401	
Facilities		40-16-6102-0000	6102	Retrofit - Holland Marsh District Christian School (\$310,000)	TBD	210,000	16,456	193,544
	40-16-9617-0000	9617	Cold Creek Building Expansion + 200,000 of which \$20,000 is Tax Supported	Q4 2022	1,061,000	54,312	1,006,688	
	40-05-9717-0000	9717	Township Wide Recreation Centre (\$37,000,000)	Q4 2023	20,580,340	1,595,375	18,984,965	
	40-16-7119-0000	7119	Schomberg Community Hall Renovation and Accessibility Upgrade (\$1,000,000)	Q4 2021	1,900,000	221,696	1,678,304	
	40-16-9219-0000	9219	Pottageville Pavilion Upgrades \$400,000	Q4 2021	400,000	25,053	374,947	
	40-16-9319-0000	9319	Nobleton Tennis Clubhouse \$300,000	Q4 2021	300,000	56,121	243,879	
	40-16-9519-0000	9519	Schomberg Fire Hall Upgrades (Roof, Bay Floor, Paving) (\$195,000)	Q4 2021	195,000	66,440	128,560	
	40-16-9619-0000	9619	Schomberg Library Upgrades	Q4 2021	325,000	240,075	84,925	
	40-16-9719-0000	9719	Parks Depot Upgrades (\$1,500,000) (former Schomberg Arena)	TBD	690,000	97,672	592,328	
	40-16-9819-0000	9819	Dr. William Lacey Nobleton Community Centre/Arena Improvements (\$635,000)	Q4 2022	635,000	414,239	220,761	
	40-16-7920-0000	7920	King Heritage & Cultural Centre Building Improvements (\$100,000)	Q3 2021	100,000	13,738	86,262	
	40-16-8020-0000	8020	Works Yard Roof (ancillary buildings)	Q4 2021	119,000	-	119,000	
	40-16-8120-0000	8120	Nobleton Library Upgrades	TBD	180,000	-	180,000	
	40-16-2116-0000	2116	EV Charging Stations (Town Wide)	Q4 2021	500,000	209,682	290,318	
	Total Recreation - Facilities					27,195,340	3,010,859	24,184,481
	Total for Community Services					30,707,040	3,234,058	27,472,983
	Fire & Emergency Services							
Fire Operations	40-14-9820-4900	9820	FIRE - Heavy Rescue Truck (389 - 1994/2009)	Q3 2021	500,000	331,696	168,304	
	40-14-9920-4900	9920	FIRE - Pumper Rescue Truck (382 - 2001) - DC6	Q2 2021	700,600	337,843	362,757	
	40-14-2117-0000	2117	Pumper Rescue Truck (349-2001)	Q4 2021	650,000	337,843	312,157	
Total for Fire & Emergency Services					1,850,600	1,007,382	843,218	
Growth Management								
Studies	40-18-2118-0000	2118	Rural Zoning By-law	Q4 2021	70,000	-	70,000	
	40-18-2119-0000	2119	Update - Urban Design Guidelines	Q4 2021	95,000	-	95,000	
	40-18-2120-0000	2120	Highway 400 Employment Lands	Q4 2021	40,000	-	40,000	
	40-18-2121-0000	2121	Highway 11 Special Policy Area Study	Q4 2021	40,000	-	40,000	
	Total Studies					245,000	-	245,000
Total for Growth Management					490,000	-	490,000	
Libraries								
Library	40-17-7500-0000	7500	Collection Development (DC #1) (\$312,000)	Q4 2021	208,000	21,461	186,539	
Total for Library					208,000	21,461	186,539	
Public Works								
Roads Fleet	40-15-9318-0000	9318	TOWNSHIP - Replace Fuel Tanks - Works Yard (Pottageville)	Q2 2021	280,000	263,767	16,233	
	40-15-8320-4900	8320	ROAD - Tractor with Loader - 100 HP	Q2 2021	150,000	-	150,000	
	40-15-8420-4900	8420	ROAD - Replace Water Tank for Dump Truck	Q2 2021	25,000	-	25,000	
	40-15-8520-4900	8520	ROAD - NEW Tandem Axle Dump Truck with Plow - DC4	TBD	270,000	-	270,000	
	40-15-8720-4900	8720	ROAD - 3/4 Ton 4x4 Pickup (815) with plow	Q3 2021	60,000	-	60,000	
	40-15-8820-4900	8820	ROAD - 3/4 Ton Long Box (802)	Q3 2021	50,000	-	50,000	
	40-15-2122-4900	2122	Road Grader (849)	Q4 2021	300,000	-	300,000	
	40-15-2123-4900	2123	Road 6ft. Roadside Mower (890)	Q2 2021	20,180	-	20,180	
	40-15-2124-4900	2124	NEW - 3/4 Ton 4x4 Pickup	Q3 2021	60,000	-	60,000	
	40-15-2147-4900	2147	Gradall	TBD	50,000	-	50,000	
	40-20-2125-4900	2125	Portable Sanitary Flusher	Q4 2021	45,000	-	45,000	
	Total Public Works - Fleet & Equipment					1,310,180	263,767	1,046,413
	Roads / Engineering	40-15-4036-0000	4036	Closure of Miller Road Landfill Site	Q3 2021	100,000	34,727	65,273
		40-15-4042-0000	4042	Graham Sdrd. Bridge (Construction)	Q3 2021	3,100,000	2,372,199	727,801
		40-15-4068-0000	4068	15th Sdrd, Hwy 27 to 8th Con (incl. culverts 303, 304) (50% growth \$4,230,000)	Q3 2021	4,230,000	3,353,598	876,402
40-15-4074-0000		4074	LED Street Lighting Relamping/Replacement	Q4 2021	2,105,766	2,081,975	23,791	
40-15-4082-0000		4082	Roads - Property Acquisition - 15th Sideroad/10th Conc to Hwy 27	Q2 2021	1,300,000	288,636	1,011,364	
40-15-5217-0000		5217	Roads - Property Acquisition - 10th Conc King Rd. to 15th Sideroad	Q2 2021	1,478,479	178,452	1,300,027	
40-16-6517-0000		6517	King Rd, Dufferin St to 2585 King Road (\$8,000,000)	Q4 2021	8,000,000	3,571,542	4,428,458	
40-15-7117-0000		7117	Traffic Signals - Various Locations	Q4 2021	100,000	-	100,000	
40-15-7518-0000		7518	Queen, Centre, Victoria, Little Rebel and Rebellion Way	Q4 2021	100,000	55,766	44,234	
40-16-7019-0000		7019	Main St Schomberg Design (\$180,000)	Q4 2021	180,000	44,978	135,022	
40-15-7219-0000		7219	Culverts 205, 207 and 208, 7th Con N. of King Rd (Consolidated with Project 7320)	Q4 2021	-	-	-	
40-15-7319-0000		7319	Culvert 210, King Caledon Townline (King's share only) (Consolidated with Project 7320)	Q4 2021	-	-	-	
40-15-7619-0000		7619	Conversion of Gravel Roads	Q4 2021	961,200	-	961,200	
40-15-7719-0000		7719	Brownsville Crt, off Western Ave (Consolidated with Project 7120)	Q2 2022	-	-	-	
40-15-6420-0000		6420	Dew Street	Q3 2021	1,015,922	659,376	356,546	
40-15-7320-0000		7320	Bridge & Culvert (Year 2) Annual Relining/Rehab of Bridges & Culverts (\$16.8 M over 9 Yrs)	Q4 2021	2,182,338	258,169	1,924,169	
40-15-7520-0000		7520	King St.	Q2 2022	100,000	-	100,000	
40-15-7620-0000		7620	Dr. Kay - Asphalt	Q2 2022	350,000	-	350,000	
40-15-2126-0000		2126	Lloydtown Rd, Victoria, Centre, Rebellion	Q4 2021	800,000	4,255	795,745	
40-15-2127-0000		2127	Road Infrastructure Program	Q4 2021	1,688,800	-	1,688,800	
40-15-2128-0000		2128	Traffic Calming - 2020 Strategy Community Approach Recommendations	Q4 2021	100,000	-	100,000	
40-15-2129-0000		2129	Active Transportation - King City GO Station Signed Bike Routes & Sharrows	Q4 2021	65,000	-	65,000	
40-15-2130-0000		2130	All Saints Anglican Church Drainage	Q4 2021	50,000	-	50,000	
40-15-2131-0000		2131	Sidewalk from Keele Street to Doctor's Lane	Q4 2021	100,000	-	100,000	
40-15-2132-0000		2132	Development Guidelines and Engineering Design Criteria Manual Update	Q4 2021	25,000	-	25,000	
40-15-2133-0000		2133	Whistle Cessation Study for Five (5) Metrolinx Crossings	Q4 2021	25,000	-	25,000	
40-15-2134-0000		2134	Toll Road Metrolinx Crossing Improvements	Q4 2021	165,368	-	165,368	
40-15-2135-0000		2135	Nobleton - Drainage Improvements - Linwood/King Road Tributary - Chinook - Via Motto to Faris (Project split 2021/2022) (\$1,500,000)	Q4 2023	500,000	12,471	487,529	
40-15-2136-0000		2136	Safety Assessment Report Recommendation Improvements	Q4 2021	150,000	-	150,000	
40-15-2143-0000		2143	Stormwater Master Plan	Q3 2021	262,215	193,424	68,791	
Total Roads / Engineering					29,235,087	13,109,568	16,125,520	
Water & Wastewater		40-20-6417-0000	6417	Keele St. Norman to 15th Sdrd. (90% DC)	Q4 2023	1,600,000	-	1,600,000
	40-21-6318-0000	6318	Nobleton Inflow & Infiltration Remediation Works	Q2 2021	485,926	437,222	48,704	
	40-20-7120-0000	7120	Schomberg Watermain Relining / Replacement (\$1,700,000)	Q4 2022	2,688,548	51,150	2,637,398	
	40-21-7220-0000	7220	Nobleton Sewers Phase 3 (\$14,625,000)	Q2 2022	7,625,000	2,701,590	4,923,410	
	40-21-2137-0000	2137	SCADA System Program	Q2 2022	50,000	-	50,000	
	40-21-2138-0000	2138	King Road & Keele Street Sewer Upgrade (WW-K-1) (2 Year Project - Design 2021) (\$1,700,735)	Q4 2021	150,000	-	150,000	
	40-20-2139-0000	2139	Growth Capacity Modeling	Q2 2022	225,000	-	225,000	
	40-20-2140-0000	2140	Schomberg Watermain Infrastructure Repairs & Replacement (Consolidated with 7120)	Q4 2022	-	-	-	
Total Water and Sewer Projects					12,824,474	3,189,962	9,634,513	
Total for Public Works					43,369,741	16,563,296	26,806,445	
TOTAL APPROVED CAPITAL BUDGET					76,755,381	20,897,946	55,857,437	



THE CORPORATION OF THE TOWNSHIP OF KING

REPORT TO COMMITTEE OF THE WHOLE

Wednesday, June 9th, 2021

Finance Department
Report # FR-2021-22

RE: 2021 Year End Projections and Update on COVID Funding

1. **RECOMMENDATIONS:**

The Director of Finance and Treasurer respectfully recommends:

- a) That available Safe Restart Funding be directed to offset costs incurred for COVID Relief Programs and revenue shortfalls for 2021 Year End Variance

2. **REPORT HIGHLIGHTS:**

- On January 25, 2021, Council approved the Township of King's 2020 budget which included a gross operating budget of \$55,066,822.
- As part of staff efforts to formally update Council, staff prepared a forecasted variance report using Q1-2021 actuals (up to March 31, 2021) and projections to the end of the year for each department.
- The Township of King's 2021 year-end projection is a deficit of \$914,279. This deficit is comprised of:
 - \$2,924,013 unfavourable variance in overall revenues; and
 - \$2,009,734 favourable variance in overall expenditures and transfers to Reserve Funds.
- The balance of available Safe Restart funding of \$1,241,909 will be used to offset any operating budget variance at year-end for 2021.
- Directly related COVID-19 expenses incurred in 2021 to date are approximately \$20,000.

3. **PURPOSE:**

The purpose of this report is to provide a projection of the 2021 year-end operating variance and an update on COVID related funding. Staff within each department is responsible for the delivery of programs and services while managing their budgets within the Council-approved 2021 operating budget. While accountability for financial performance (e.g. actual revenues and expenditures) belongs with the Senior Leadership Team, both Finance and department staff share the responsibility of monitoring operating budget variances throughout the year.

4. **ANALYSIS:**

Based on 2021 actuals up to March 31, 2021, and current year end forecast, the Township has an estimated unfavourable variance in revenues of \$2,924,013, offset by a favourable variance in expenses of \$2,009,734, resulting in a projected 2021 operating deficit of \$914,279.

The table below provides an overview of the 2021 projected year end budget variance by department, split by revenue and expenses (expenses include transfers to Reserve Funds):

Table 1:

SUMMARY OF 2021 Q1 FORECAST OPERATING BUDGET VARIANCE BY DEPARTMENT

Department		2021 Budget	2021 Forecast	Variance Favourable / (Unfavourable)	Variance %
Office of the CAO	Revenue	-	-	-	-
	Expense	1,830,070	1,817,896	12,174	0.7%
	Net Budget	1,830,070	1,817,896	12,174	0.7%
Community Services	Revenue	(2,825,148)	(747,630)	(2,077,518)	73.5%
	Expense	9,255,166	7,442,687	1,812,479	19.6%
	Net Budget	6,430,018	6,695,057	(265,039)	-4.1%
Corporate Services	Revenue	(58,740)	(39,745)	(18,995)	32.3%
	Expense	2,624,158	2,571,015	53,143	2.0%
	Net Budget	2,565,418	2,531,270	34,148	1.3%
Finance & Other Services	Revenue	(38,717,900)	(38,467,900)	(250,000)	0.6%
	Expense	13,041,799	13,138,639	(96,840)	-0.7%
	Net Budget	(25,676,101)	(25,329,261)	(346,840)	1.4%
Fire & Emergency Services	Revenue	(175,000)	(137,500)	(37,500)	21.4%
	Expense	2,947,359	2,947,359	-	0%
	Net Budget	2,772,359	2,809,859	(37,500)	-1.4%
Growth Management Services	Revenue	(2,448,317)	(2,448,317)	-	0%
	Expense	3,937,137	3,915,583	21,554	0.5%
	Net Budget	1,488,820	1,467,266	21,554	1.4%
King Township Public Library (KTPL)	Revenue	-	-	-	0%
	Expense	1,917,482	1,917,482	-	0%
	Net Budget	1,917,482	1,917,482	-	0%
Public Works	Revenue	(1,183,084)	(643,084)	(540,000)	45.6%
	Expense	9,855,018	9,647,794	207,224	2.1%
	Net Budget	8,671,934	9,004,710	(332,776)	-3.8%
Water & Wastewater	Revenue	(9,658,633)	(9,658,633)	-	0%
	Expense	9,658,633	9,658,633	-	0%
	Net Budget	-	-	-	0%
TOTAL	Revenue	(55,066,822)	(52,142,809)	(2,924,013)	5.3%
	Expense	55,066,822	53,057,088	2,009,734	3.6%
	Net Budget	-	914,279	(914,279)	

Forecast Assumptions

Senior staff were asked to prepare financial updates and forecasts for Council, specifically highlighting the impacts for 2021 in general and related to COVID-19 on their financial budgets and results. Actual results as of March 31, 2021 were used as a basis to forecast to year-end using the following assumptions to December 31, 2021:

1. Work from home arrangements continue with most administrative staff where possible and practical, while redeployments of existing staff continue where possible, or return to valuable work in original department.
2. All essential services remain priorities. Staff continue to mitigate financial impacts through cost savings or expenditure deferrals.
3. King added additional outdoor ice rinks in the winter to provide opportunity for additional recreational activities during the season which had some additional costs of materials and staffing.
4. Staff opened a vaccination clinic in April 2021 at the Trisan Centre and all costs associated with that function is to be recovered by York Region. Some staff were

- backfilled to maintain services in divisions where staff were redeployed to the Clinic.
5. Estimates for summer camps have been projected.
 6. Estimates related to Recreational Revenues from September to December 2021, are projecting limited reopening in the fall season.
 7. Assumptions on utilities based on partial closure of facilities for 2021 and gradual opening in summer and fall.
 8. Assumptions on limited part-time staffing needs, fully utilizing full-time staff for the remainder of the year.
 9. Assumption for modifications to the Municipal Centre and other facilities for this fall to accommodate the next normal including building layouts and mechanical alternations.
 10. Assumptions on the cost of the Covid Tax Deferral Program of approximately \$260,000 as noted on report FR-2021-21 from May 31.
 11. COVID expenses as of March 31, 2021 and estimates based on current estimates to year end. (See Table 2 for more details below)

COVID-19 Direct Expenditures

The directly related COVID-19 expenditures incurred in 2021 as of March 31 are summarized below:

Table 2:

Personal Protective Equipment	\$8,772.58	Sanitization products and dispensers, face masks, gloves etc.
Testing	\$5,515.41	Covid-19 testing for staff
Rentals	\$1,017.60	Leasing for mobile office space, tents and vehicles for staff social distancing
Signage Communications	\$761.16	Closure signage and caution tape for outdoor areas
Misc.	\$649.71	Miscellaneous expenditures for Covid-19
Information Technology	\$548.03	Laptops, staff cellphones and other IT equipment
Remote Work	\$272.98	Working from home equipment and supplies
Total	\$17,537.47	

Additional costs will be incurred related to COVID for additional cleaning, supplies, and potential renovations to Townhall for opening for the new normal which are projected at approximately \$300,000 to year end. These estimates are included in the overall year-end forecast under Table 1.

5. FINANCIAL CONSIDERATIONS: Federal/Provincial Safe Restart Funding

In August 2020, the Province announced a multi-phase municipal relief program referred to as the Federal/Provincial Safe Restart Agreement funding. Phase 1 was a per-capita allocation to every Ontario municipality. Where a two-tier system of governance exists, the funding was to be shared 50/50 with the upper tier by each municipality.

The Township of King's share of Phase 1 funding is \$574,400, which was provided in 2020 to address financial pressures related to COVID-19, maintain critical services, and protect vulnerable people as the community safely and gradually opens. This funding must be used to offset financial impacts of the pandemic on the municipality, including to fund net revenue shortfalls, costs of closures, special response costs, supplies and services, and the costs of safe resumption of services which protect staff and the public while respecting public health directives and regulations. If the amount of funding exceeds our qualified costs, the excess funding must be placed into reserves to be accessed to support COVID-19 related operating costs. The Township received an additional \$243,000 as part of Phase 1 which was placed in a new reserve fund for future COVID related costs. (Reserve Fund ST10)

In 2021, the province provided another allocation for Phase 2 of the Safe Restart funding in the amount of \$775,972. Total funding received to date is \$1,593,372, of which \$351,463 was used to offset the deficit in 2020 as reported in FR-2021-15. The remaining balance of Safe Restart Funding is \$1,241,909, which will be utilized to offset COVID related programs like the tax deferral program (Report FR-2021-21), direct costs and revenue shortfalls projected in 2021 (Report FR-2021-22).

Additional details about cost qualifications and the reporting and accountability processes for the Safe Restart funding will be forthcoming from the province.

6. ALIGNMENT TO STRATEGIC PLAN

The 2019-2022 Corporate Strategic Plan was formally adopted by Council on September 21, 2020, which emphasizes all of the ICSP Pillars (Financial, Economic, Socio-Cultural and Environmental) and is also aligned with the long-term vision defined in the Official Plan. The 2019-2022 Corporate Strategic Plan aims to ensure staff initiatives focus on current Term of Council priorities in support of the Township's long-term vision to 2031.

Priority Area: Investing in Infrastructure

Objective: Maximizing Financial Capacity to Support Capital Programs

Key Action: Manage Debt and Reserves

This provides a better picture of the Township's financial capacity and the potential need for the use of reserves which ties to the objective and action of the Strategic Plan. How we project and manage our reserves is essential for financial management.

7. CONCLUSION:

This report provides a high-level projection of the 2021 Year-End Variance based on results as of March 31, 2021, and assumptions for the year.

8. ATTACHMENTS:

None

Prepared By:

Peggy Tollett

Peggy Tollett, CPA, CGA
Director of Finance & Treasurer

Recommended By:

Daniel Kostopoulos

Daniel Kostopoulos, P.Eng.
Chief Administrative Officer



THE CORPORATION OF THE TOWNSHIP OF KING

NOTICE OF MEETING

AUDIT COMMITTEE

(Electronic Meeting pursuant to Section 238(3.1) (3.3) of the *Municipal Act, 2001*)

As the Municipal Centre is now closed to the public due to the COVID-19 pandemic, this is an electronic meeting held remotely and live streamed at <https://king.ca/meetings>

The Audit Committee of the Corporation of the Township of King will hold an Audit Committee Meeting to review, discuss and receive the Report to the Audit Committee – Draft 2020 Audited Financial Statements for the year ended December 31, 2020. This meeting will be held remotely (virtually) on:

Wednesday, June 9, 2021
at 5:00 p.m. – 6:00 p.m.

Live streaming of the meeting will be available to the public, during the meeting, via <https://king.ca/meetings>

*Note: Members of the Audit Committee will be participating in the meeting remotely.

Kathryn Moyle
Director, Corporate Services
Township Clerk



THE CORPORATION OF THE TOWNSHIP OF KING

NOTICE OF MEETINGS

SPECIAL COUNCIL

and

COMMITTEE OF THE WHOLE MEETING

(Electronic Meeting pursuant to section 238 (3.1) (3.3) of the Municipal Act, 2001)

As the Municipal Centre is now closed to the public due to the COVID-19 pandemic, this is an electronic meeting held remotely and live streamed via <https://king.ca/meetings>

A Special Council and Committee of the Whole Meeting will be held remotely (virtually) on:

WEDNESDAY, JUNE 9, 2021 at 6:00 P.M.

for the purpose of:

FINANCE DEPARTMENT – 2020 AUDIT REPORTING

Public Comment

To comment in writing, please send written comments to the Clerk's Office at clerks@king.ca **no later than Wednesday, June 9 at 12:00 p.m. (noon)**. Written comments will be circulated to Members of Council prior to the start of the Meeting and will become part of the formal record of the meeting.

Anyone wishing to speak to Council virtually (Audio-telephone in) must register by contacting the Clerks Department at 905-833-4068 or email clerks@king.ca **no later than Wednesday, June 9, 2020 at 12:00 p.m. (noon)**. When your registration is received, a confirmation message and instructions for participating in the virtual meeting will be provided.

Please provide your full name, address, contact details and the item you wish to speak to when contacting the Clerks Department. Please note that all comments will become part of the public record.

Information and copies of the staff report(s) will be available for review on the Township website at www.king.ca as of Thursday, June 3, 2021.

Live streaming of the meeting will be available to the public, during the meeting, via <https://king.ca/meetings>

Kathryn Moyle
Director of Corporate Services
Township Clerk



THE CORPORATION OF THE TOWNSHIP OF KING

NOTICE OF MEETING

2021 FEES & CHARGES BY-LAW (#2021-001) AMENDMENT (re: Building Permit Fees)

(Electronic Meeting pursuant to section 238 (3.1) (3.3) of the Municipal Act, 2001)

As the Municipal Centre is now closed to the public due to the COVID-19 pandemic, this will be an electronic meeting held virtually and live streamed at <https://king.ca/meetings>

TOWNSHIP OF KING FINANCE DEPARTMENT PRESENTATION:

“Building Permit By-law Review, and Amendment to 2021 Fees & Charges By-law #2021-001, Schedule ‘E’ Re: Building Division Permit Fees and Charges”

Public Consultation Session: **Monday, June 14, 2021 at 6:00 p.m.**
(Consideration of By-law Amendment for Adoption, June 28, 2021)

The Township of King will be considering a staff report and a Draft 2021 Miscellaneous Fees & Charges By-law (#2021-001) Amendment regarding amendments to the Building Division Permit Fees & Charges (Amended Schedule ‘E’ of By-law #2021-001) at the June 14, 2021 Committee of the Whole Meeting. Building Permit fees will be recommended to be amended with a phase-in approach, and new fees introduced. Details, including the estimated costs of administering and enforcing the Building Code Act by the municipality, will be included in the staff report available from the Township website as of Thursday June 10, 2021. The By-law will be considered by Council for adoption at the June 28, 2021 Council Meeting. Interested parties are invited to attend virtually to ask questions and comment at the June 14, 2021 meeting.

Public Comment

To comment in writing, please send written comments to the Clerk’s Office at clerks@king.ca **no later than 12:00 p.m. (noon) on the day of the meeting**. Written comments will be circulated to Members of Council prior to the start of the Meeting and will become part of the formal record of the meeting.

Anyone wishing to speak to Council virtually (Audio-telephone in) must register by contacting the Clerks Department at 905-833-4068 or email clerks@king.ca **no later than 12:00 p.m. (noon) on the day of the meeting**. When your registration is received, a confirmation message and instructions for participating in the virtual meeting will be provided.

Please provide your full name, address, contact details when contacting the Clerks Department. Please note that all comments will become part of the public record.

For further information regarding the Fees & Charges By-law Amendment, please visit the Township’s website at www.king.ca or contact: Peggy Tollett, Director of Finance & Treasurer at ptollett@king.ca or telephone: 905-833-5321

Kathryn Moyle
Director of Corporate Services
Township Clerk